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OAS TO STUDY REPORTS ON U.S. TRADE, TARIFF ACT

FL041505 Bridgetown CANA in English 2020 GMT 3 Jul 85

[Text] Washington, July 3, CANA -- Latin America and the Caribbean are wondering whether or not the newly adopted U.S. trade and tariff act will support their recovery from severe economic crisis, says a report prepared for the Organisation of American States (OAS). It may still be too soon to evaluate the new act's effect on the trade of Latin America and the Caribbean, the report said. It adds, however, that of special concern are its inclusion of the matters of services and foreign investment, strengthening of the executive branch's discretionary power to take retaliatory measures against third countries, and the intention to make the opening of the U.S. market dependent on reciprocal concessions to U.S. services, direct investment, and goods in other markets.

The report will be considered by the OAS Special Committee for Consultation and Negotiation (CECON), which holds two meetings next week. Beginning on Monday it will review the economic and legal aspects of the trade act signed by President Reagan last October, with particular emphasis on the effects it will have on Latin American and Caribbean exports. The second meeting, to open on Wednesday, will deal with the renewal of the U.S. Generalized System of Preferences [GSP] and its effects on the exports of Latin American and Caribbean countries.

The CECON Secretariat report points out that the new concept of reciprocity and graduation that is considerably encouraged in the trade and tariff act causes tension in the region's most indebted countries, which have need for greater access to external markets in order to cope with the external debt service.

It concludes that the new act would seem to respond to interests of productive sectors that foster and welcome protectionist measures since, to a considerable extent, the use of measures for this purpose is now made easier, and an increase is expected in protectionism based on safeguards, countervailing duties and antidumping, voluntary restrictions on exports, and other measures in the same vein.

Another report commenting on the extension of the U.S. GSP indicates that some provisions may seem to be more stringently limitative than previous ones, as in the case of the new competitive need clause for sufficiently competitive products. It adds, however, that such more stringent provisions could be offset by the broad discretion authorities conferred upon the President for waiver of the clause in certain circumstances.

The major effort of the administration, which undoubtedly determined successful conversion of numerous protectionist bills into the definitive version of the tariff and trade act of 1984, does deserve recognition, the study says.

It added, however, that in the opinion of observers and exporters, one of the serious defects of the new legislation, in this new GSP aspect, is that excessive attention is given in the annual reports that the President presents to the Congress on the behaviour of the beneficiary countries with regard to trade restrictions, the treatment accorded to foreign private investment and the service trade, without an equivalent commitment to carry out a parallel study of trade restrictions in the United States.

FALKLANDS TO BE PROVINCE UNDER PROPOSED TREATY

PY040300 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1450 GMT 3 Jul 85

[Text] Buenos Aires, 3 Jul (NA) -- According to a secret document that has been prepared by experts at the request of President Raul Alfonsin, Argentina should propose a treaty to incorporate the Malvinas as a new province, following consultations with the islands' inhabitants on the treaty. This is considered to be the most appropriate alternative to negotiations with Great Britain. The document also analyzes the advantages of a joint administration, but discards as inconvenient the models of associate free state, like the one Puerto Rico has with the United States, and confederate state. The proposals to turn the Malvinas into a territory or to establish a rotating government with Great Britain are also considered not to be in the best interest of Argentina.

The document, which analyzes each alternative and its implications in detail, was prepared by Radical Civic Union Deputy Jorge Vanossi, an expert in constitutional law, and a team of no less than four experts, two university professors, and economist, and a school dean. This was revealed today by AMBITO FINANCIERO, which carried the text of the document. The authors emphatically note that "there are no obstacles or problems of a constitutional character that can impede the advance of negotiations between the parties to find a definitive settlement of the question."

One of the noteworthy aspects of the proposed treaty that would turn the Malvinas into a province is a guarantee clause in case of a coup d'etat. The pact would be automatically invalidated if the constitutional government were toppled in Argentina. The document points out that the main problem regarding the eventual incorporation of the Malvinas as a province has to do with the precise definition of the political rights of its inhabitants, as well as with the definition of who will have the right to vote or to be elected as a local official. In that regard, the document maintains that the pact incorporating the new province into the federation should contain a special clause establishing that both active and passive political rights "will only be exercised by the inhabitants of the islands." Nevertheless, the document says that an exemption should be made for the current inhabitants of the islands, whether or not they were born there, whose political rights will be fully recognized. The document adds that "to this effect, the list that is prepared by the British will be accepted, and the list will be sealed and added to the signed pact."

The proposal to turn the Malvinas into a province is based on Article 104 of the national Constitution whereby "the provinces keep for themselves any power not delegated to the central power." This provision will permit "the establishment of a special regime of differentiated provincial autonomy." According to the document, compliance with the pact should be guaranteed by three members of the international community. The document explicitly mentions the penal, procedural, and judicial regimes as nondelegated powers. As for the question of nationality and citizenship, the document says that "the agreements on dual citizenship that our country signed with Spain and Italy can be adapted and used as models."

The document points out that the alternative of incorporating the Malvinas as a province, "as an expedient to legitimize the institutional situation of those territories now occupied by Great Britain, is the most advisable for the practical objective of obtaining British acquiescence." The document maintains that such an alternative represents "the maximum protection for the islanders' right" to maintain their current situation under the terms demanded by the occupying country, since "a province" is the political unit of greatest autonomy within the existing federal state.

It then adds: "We think that Argentina should take the initiative in this regard as a concrete demonstration of its positive attitude within the existing institutional structure and of offering a bridge of communication that the occupying country should accept if it really wants an effective solution to the conflict."

It notes that the possibility of signing a treaty of incorporation "opens the opportunity for the islanders to be consulted on the terms of the aforementioned treaty," thus satisfying the British demands for that consultation. Regarding the Antarctic, the document says that it should not be included in the pact, because "this matter is completely extraneous to it."

As for defense and foreign relations, the document notes that "Argentina cannot delegate any constitutional power on these matters, nor can it delegate any power regarding the effective defense of national sovereignty." It adds that only a temporary ban on certain types of military bases can be accepted by Argentina and Great Britain.

Regarding the language in the islands, the document maintains that both Spanish and English will be used officially, and thus both languages will be taught. It also says that all public business will be transacted in both languages and publications will be issued, pending a law, in both languages in the news media. In the area of family rights, particularly regarding divorce, the document says that this right has the character of an acquired right for the islands' inhabitants since it has a long tradition and has been recognized in Great Britain for many years.

The document says that the acquisition of the property of the Falkland Island Company "is not indispensable," but that should it be acquired, the purchase must not include the land, which is subject to eminent domain (sovereignty). The experts believe that the islanders' wish to keep their currency is "quite reasonable," and that there is no problem from the constitutional standpoint with the existing currency remaining in circulation in the Malvinas.

They estimate that the joint administration alternative "can be offered as a prior step to the implementation of the final solution that is accepted," and add that "in such a case, we can point out that none of the demands made by the British in 1967 seem unacceptable to us." Consequently, they maintain that the joint administration system "does not encroach on the current Argentine position, because a commitment such as the one proposed will not imply the interruption of negotiations to attain the express recognition of sovereignty at the end of the joint administration."

In the proposal for joint administration, along with the possibility of hoisting the Argentine flag, is included "the opening of the border to allow the establishment of an Argentine population on the islands so as to make possible the cultural transformation that their presence will create, and the corresponding possibility of opening intensive trade with the islands, of acquiring property, and of establishing industries in those territories." The document also points out the possibility that under the joint administration, "the inhabitants of the islands will be allowed to go to and leave the island under the same conditions as those prevailing before the joint administration for a period of 10 years."

In rejecting the model of a free state or the model of an associated confederate state, the document stresses that "the incorporation of the Malvinas Islands should be implemented on the basis of its permanent integration, without being conditioned to the possibility that the Malvinians can separate whenever interests alien to the national interest so dictates." The system of a national territory is also discarded because it does not offer "the appropriate structure of guarantees for the population of the islands," nor for the incorporation of the Malvinas as another province. Noting that incorporation as a province is the most viable alternative, the document contends that "earlier or at the same time, Tierra del Fuego should be treated in the same way."

Returning to the question of an associated free state, the document points to the Puerto Rican model, which does not establish any juridical relation, except for some isolated provisions linking that country to the United States. It emphasizes that this alternative "cannot be adequately adjusted to our juridical system, which is founded on continental European law."

Insisting on the rejection of the confederation model, the document says that this alternative opens the possibility for the Malvinas to separate from Argentina whenever its population so decides. It adds that in this way "the hoped-for integration of the Malvinas into the national union would be subject to the decision of a population that not only has a fragile history of integration with our country but that could take advantage of the power it will thus retain, moreso considering the new structure to be formed after the incorporation of new inhabitants into the islands, to bring about a traumatic break in national sovereignty."

Foreign Ministry Issues Communique

PY040305 Buenos Aires TELAM in Spanish 2102 GMT 3 Jul 85

[Text] Buenos Aires, 3 Jul (TELAM) -- This afternoon the Foreign Ministry stated that the contents of the document published today by a daily of this capital correspond to a consultation made by this ministry, but that it does not mean that the Foreign Ministry must necessarily accept its points of view or conclusions. Following is the text of the Foreign Ministry communique:

The Foreign Relations and Culture Ministry hereby informs the public that it is customary practice to consult various experts on the most important subjects submitted for this ministry's consideration, among them the Malvinas Islands issue. These consultations allow the ministry to obtain various points of view that enrich the information and the analysis of those subjects handled by this ministry.

The contents of the document published today by a daily of this capital correspond to one of those consultations, but obviously none of them, including that regarding the case we are referring to, means that the Foreign Ministry must accept its point of view or conclusions as part of official actions or diplomatic strategy.

Caputo Comments

PY042145 Buenos Aires DYN in Spanish 1443 GMT 4 Jul 85

[Text] Buenos Aires, 4 Jul (DYN) -- Today, Foreign Minister Dante Caputo downplayed the significance of the disclosure of the existence of a paper written by Radical Civic Union Deputy Jose Vanossi at the request of the Foreign Ministry to evaluate the possibility, within the Argentine constitutional system, of establishing special laws for the inhabitants of the Malvinas Islands. Caputo said that the paper, which was published yesterday in one of the Buenos Aires dailies, does not represent the official position of the Foreign Ministry on the question, and recognized that "there is a certain persistence to find" problems in the ministry that he heads.

In remarks on "The Morning with Magdalena" program that is carried on Radio Continental, Caputo emphasized that "we are not at all inclined to sit at the negotiating table (with Great Britain) under any condition that may tacitly or implicitly imply a retreat in the Argentine position" regarding the sovereignty of the archipelago.

As the Foreign Ministry did yesterday in an official communique, Caputo reacted to the publication of a study that was commissioned by the Foreign Ministry and said that it does not contain "the strategic" position on the question, although it does "enrich our vision." He added that this paper, which was prepared by Vanossi and an outstanding group of assistants, dates back to March, when the Foreign Ministry held consultations on a British document regarding the self-determination of the islanders. It was flatly rejected by Argentina.

The foreign minister said that the disclosure of the paper "could result in a debate that might be useful, but that it will only focus on an opinion, not on the Argentine official strategy on the Malvinas Islands." He admitted that the publication of the paper may have had a purpose that was not too clear, and then added that "we are not interested in initiating a debate with people who seem preoccupied, sometimes excessively, with our work."

Caputo further said that "rather than entering into a debate with the media (press), we should make decisions and then let the public pass judgment on them." The foreign minister also affirmed that "there is absolutely no information" about negotiations with Great Britain, and noted that "the British intransigence" toward discussions on "all the questions" persists. He confirmed that Argentina continues to believe that "the process of rapprochement cannot be initiated if the origin of the separation is ignored." He thus rejected the British argument that a commercial and financial rapprochement between the two countries must precede consideration of the Malvinas question.

LUSAKA SAYS NO UN DECISION YET ON FALKLANDS

PY031650 Buenos Aires BUENOS AIRES HERALD in English 3 Jul 85 p 13

[Text] (NA-DYN) -- United Nations General Assembly President Paul Lusaka, who arrived here today, said the UN had still not made any major decision with respect to the conflicting claims of Britain and Argentina in the Malvinas question, although he said its main interest was in persuading both sides to sit down at the negotiating table. The Zambian deiplomat is here until Friday at the express invitation of the Argentine Government. Lusaka also expressed regret that so many UN decisions went unheeded.

NICARAGUA'S RAMIREZ ON U.S. INTERVENTION

PY031925 Buenos Aires TELAM in Spanish 1321 GMT 3 Jul 85

[Text] Buenos Aires, 3 Jul (TELAM) -- Today, Nicaraguan vice President Sergio Ramirez said that despite tensions, threats, and the U.S. Congress resolution allowing the president to intervene in Nicaragua under specific circumstances, he still believes that there can be a negotiated solution. Ramirez added that the resolution amounts to a declaration of war. He stressed that it is possible to work out a lasting solution with the United States. This is what our diplomacy has tried to accomplish, he said. Ramirez made these statements at Ezeiza International Airport, where he stopped this morning on his way to Brazil.

Asked about the possibility of his country and the United States resuming direct talks, Ramirez replied: That is what we have been trying for since January, when the United States walked away from the negotiating table in Mexico. We believe that the dialogue should be immediately resumed, without preconditions. We are trying to promote development and the revolutionary and democratic process despite war difficulties and aggression threats. We have strengthened our defense and are ready to face any situation. However, our primary interest is peace. Our efforts are aimed at achieving peace, he said. Nevertheless, he pointed out that the current situation in Nicaragua is still very tense and delicate. We live under the effects of foreign aggression, of a very cruel war that has bled our country over the last 3 years and, above all, of the increasingly serious U.S. threats against our sovereignty. We are defending ourselves on the internal and on the diplomatic level, he remarked.

Asked whether he believes a U.S. military intervention is likely, Ramirez replied: We regard an eventual U.S. intervention as increasingly probable because of the measures the U.S. Government has adopted, such as the commercial boycott and the granting of funds to the contras. There are also the military preparations in Honduras.

Ramirez also mentioned the constant threats against Nicaragua and the recent U.S. Congress resolution allowing the U.S. President to intervene in Nicaragua under some circumstances, which are described in the resolution. He said that in his opinion, the Contadora Group has not failed, and stressed that Nicaragua wants to strengthen it in the belief that under the current difficult circumstances, a new course of action has been opened for the Contadora Group. He said, however, that the group should address the most serious aspects of the issue and should try to solve them.

Asked whether he believed Argentina and Brazil may join the Contadora Group, he said the group must be strengthened from all directions and that Argentina, Brazil, and Peru will from now on make an important contribution to the Contadora process.

The Nicaraguan vice president concluded his statements with a message to the Argentine people: I want to thank the Argentine people for their support of the Nicaraguan revolution and of our independence, sovereignty, and self-determination. I want to tell you that we will always count on your support in our quest to live a peaceful and independent life.

CENTRAL BANK ANNOUNCES PROMISSORY NOTES

PY031751 Beunos Aires BUENOS AIRES HERALD in English 3 Jul 85 p 3

[Excerpt] (NA-DYN) -- Finance Secretary Mario Brodersohn yesterday announced that 2.2 billion of the 4.2 billion dollars in fresh loans by foreign creditors would be delivered on September 11. He added the IMF is expected to approve Argentina's memorandum of understanding by mid-August. At a press conference Brodersohn also admitted Argentines travelling abroad would be forced to leave behind a prior deposit, the amount and time period of which is still to be determined. He added the Desagio Chart deflating the old peso to the new austral rates would be extended but gave no further details.

Meanwhile, meeting a request by foreign creditors and the International Monetary Fund (IMF), the Central Bank (BCRA) late on Monday night announced government promissory notes or the new "BCRA notes" would be used to finance the private foreign debt. Financial analysts said the measures imply a virtual nationalization of the private foreign debt and end the issue of legitimate or illegitimate foreign debt obligations. The BCRA measures said private foreign debt obligations will be amortized in 15 biannual payments, with the first quota being paid 36 months after the debt is recorded. The interest paid on these debts will be tied to the LIBOR rate. The measures also allow foreign debt payments frozen due to the lack of currency to be made through the promissary or BCRA notes.

GOVERNMENT APPROVES ARROYO URUGUA CONTRACT

PY031709 Buenos Aires BUENOS AIRES HERALD in English 3 Jul 85 p 3

[Text] (DYN) -- The Argentine Goverment has approved the contract signed between Electricidad de Misiones and a consortium to carry out the Arroyo Urugua-1 hydro electric complex. A decree authorizing the approval was signed by President Raul Alfonsin and it said Misiones Province has to generate its own electric power as it is isolated from the national grid. The consortium has obtained a loan of 66 million dollars from the IDB to finance the venture.

MILITARY COMMANDER DENIES RUMORS OF UNREST

PY050120 La Paz Cadena Panamericana in Spanish 0000 GMT 5 Jul 85

[Excerpts] In statements to Panamericana, Armed Forces Commander General Simon Sejas Tordoya has confirmed that there is a democratic atmosphere currently prevailing within the military and has rejected rumors of alleged unrest within the Bolivian Armed Forces. General Tordoya said that the Armed Forces have made the return to democracy possible and that the institution abides by the Constitution.

The Armed Forces commander was also asked what the military will do if the peasants set up blockades and if the elections are postponed.

[Begin recording] [Sejas] The role of the Armed Forces is clearly established in the country's Constitution. Therefore, the Armed Forces will act in keeping with the Constitution.

[Reporter] What will the Armed Forces do if the elections are postponed?

[Sejas] The Armed Forces have demonstrated their full respect for the legally established bodies. Therefore, this matter undoubtedly is a matter that only concerns the National Electoral Board and the National Congress. [end recording]

REPORT ON GOVERNMENT REPLY TO COB PROPOSALS

PY041511 La Paz Cadena Panamericana in Spanish 1130 GMT 4 Jul 85

[Text] The government has handed over to the Bolivian Workers Federation, COB, an extensive note in reply to the petition the workers submitted to the government several weeks ago. Yesterday, at a simple ceremony at Government Palace, at about 2100, a group representing the COB Executive Committee received the note from the hands of the chief of the economic cabinet. Minister Freddy Justiniano said:

[Begin recording] We must mention that there are several points of agreement with the COB, and we reiterate our decision to revert to the state all property that has not been managed within legal boundaries as is the case of the Totoral Mining Company. Likewise, regarding the apportionment of foreign exchange, the government accepts the participation of the COB and that of the Businessmen's Confederation in the Normative Commission on Foreign Exchange Apportionment because the government has nothing to hide. [end recording]

Planning and Coordination Minister Freddy Justiniano then summed up the most important aspects of the government's note because the text of the note was not released to the press. From the planning minister's statement, we extract the following points: The government rejects any possibility of nationalization of the private banks; the 10 million pesos minimum salary requested by COB cannot be implemented for the time being; a solution will be sought for the problems of the Bolivian Mining Corporation [Comibol], Carachipampa, and the Bolivian Government Oil Deposits in the short term.

COB's Walter Delgadillo gave us COB's initial reaction to the government note:

[Begin recording] First, we will have this note analyzed by the Executive Committee and the national organizations so that, afterward, a national plenum can be called and each labor sector that has studied a part of the petition can make its viewpoint known. Then a decision can be made.

On the other hand, we have asked the planning minister to arrange a meeting at the highest level, that is, with the nation's president and his cabinet, so that we can let them know about problems that require indispensable and immediate solutions, such as the case of Comibol, the Central Bank, the patriotic bonus, some four or five points that must be dealt with. [end recording]

That was the statement made by Walter Delgadillo, COB secretary general, in the Government Palace after receiving the government's reply to the workers petition.

Salary Readjustments Granted

PY031454 La Paz Cadena Panamericana in Spanish 1130 GMT 3 Jul 85

[Text] Salaries will be readjusted monthly according to the family food basket price increase. An official note on this matter was issued and its text follows:

Industry and Commerce Minister Oscar Farfan Mealla has announced that the Economy Ministry ratifies its decision to grant monthly salary increases to keep up with the increase of prices of the family food basket. This decision is part of the government's reply to the Bolivian **Labor Federation's** [COB] list of demands. The official reply will be delivered during a special audience granted by the president of the Republic to the union leaders, Farfan added.

According to Minister Farfan, the reply, which is ready and which will be delivered to the COB in the next few hours, includes points referring to prices and salaries, which are a main issue of the COB list of demands. Farfan said that the government will ratify its decision to apply the salary readjustment escalator clause every 4 months according to the consumers price index; however, a readjustment will be granted monthly according to the price increases of the family food basket.

SANTA CRUZ POLICE CONFINED TO BARRACKS

PY031756 La Paz Cadena Panamericana in Spanish 1130 GMT 3 Jul 85

[Text] Bolivian police authorities have confined the Santa Cruz police to their barracks as a result of the events that occurred recently in that city, our correspondent in Santa Cruz has reported. He also said that university students there tried to hold the main political authority of Santa Cruz as hostage to demand a solution to their specific problems.

BRIEFS

SUPREME COURT PRESIDENT NAMED -- Sucre, 25 Jun (PRESENCIA) -- The Supreme Court of Justice has appointed Dr Guillermo Caballero Saucedo, 47, as its president. Caballero Saucedo is replacing Dr Kemberto Prado Montano, who died last week. [Excerpt] [La Paz PRESENCIA in Spanish 26 Jun 85 p 26 PY]

JAPANESE ASSISTANCE -- The Japanese ambassador to Bolivia and Foreign Minister Edgar Camacho Omiste have signed notes on behalf of the two governments. The ceremony was held at the Bolivian Foreign Ministry. Through these notes, the Japanese government grants a donation to the Bolivian Government, amounting to 1,848,000,000 yen, to contribute to the construction and equipment project of the Santa Cruz Central Hospital. [Summary] [La Paz Cadena Panamericana in Spanish 1700 GMT 26 Jun 85 PY]

GOVERNMENT ECONOMIC PACKAGE ON EXPEDITURE CUTS

PY042340 Porto Alegre Radio Guaiba in Portuguese 2118 GMT 4 Jul 85

[Text] The Brazilian Government has just issued an economic package that entails budget cuts totaling 28.3 trillion cruzeiros: 9.3 trillion cruzeiros in investments, 1.3 trillion to cruzeiros in the area of personnel, and 9 trillion cruzeiros in costs. [figures as heard] These cuts will bring the public deficit, in accordance with IMF requirements, to 13.3 trillion cruzeiros.

Evaluation committees will be charged with studying each project individually to determine which projects should be suspended or slowed down. Among those projects listed for priority review and which will most certainly sustain major cuts are: Acominas, third stage [Minas Gerais Steel Company project]; Angra nuclear project; Iguape 1 and 2 nuclear projects; Caraiba Metais; Ferrovia do Ace [steel railway project]; and Tucurui hydroelectric project, second stage. The following hydroelectric projects are also included: Rondonia 2, (Manso), (Guaratinumi), Serra Dourada, Ilha Grande, Machadinho, (Candioca 3), Dona Francisca, Avila, and Costa Rica.

Expenditure on sugar and alcohol will be reduced from 4.6 trillion cruzeiros to 3.3 trillion cruzeiros through cuts in subsidies and the reduction of sugar exports, which today require large expenditures.

A freeze is also imposed on the hiring and promotion of personnel, except for periodic step increases. Service contracts should be no higher than those contracted last year.

No Income Tax Increase

PY031438 Sao Paulo Radio Bandeirantes Network in Portuguese 1000 GMT 3 Jul 85

[Text] The government has backed down on its threat to increase income tax withholdings for workers. This has apparently solved some political problems and eliminated friction.

In a radical move, three Brazilian Democratic Mobilization Party [PMDB] leaders, who barely 24 hours ago bitterly criticized the announcement, have changed their minds. They even visited Finance Minister Francisco D'Ornelles, who issued the threat, in an act of atonement and solidarity. When they left, they said that now everything is all right. The three leaders visited the minister a few minutes after the government announced that tax withholding rates would not be frozen.

After the visit, Deputy Ulysses Guimaraes, the president of the PMDB and of the Chamber of Deputies, said that the government has made a very praiseworthy decision because it will benefit the working class.

For his part, Deputy Pimenta de Viega, the leader of the PMDB bloc in the Chamber, promised that the PMDB will always back the government.

Senate leader Humberto Lucena, the only one who referred to the minister's decision as unfortunate, assumed a rather severe attitude. He said that the government backed down on its threat only because of the general uproar caused by the announced tax increase.

Apparently, everything turned out fine. However, the incident disclosed the abyss that separates the Liberal Front Party from the PMDB. These two parties make up the Democratic Alliance, which backs the government.

SARNEY, SETUBAL CONGRATULATE GROMYKO, SHEVARDNADZE

PY040114 Brasilia Domestic Service in Portuguese 2200 GMT 3 Jul 85

[Text] President Jose Sarney has sent a telegram to Andrey Gromyko congratulating him on his election as chairman of the Supreme Soviet Presidium, Foreign Minister Olavo Setubal also sent a note congratulating Eduard Shevardnadze on his appointment new Soviet foreign minister.

NICARAGUAN VICE PRESIDENT ARRIVES IN BRASILIA

PA040414 Managua Radio Sandino Network in Spanish 0000 GMT 4 Jul 85

[By Iliana Ordonez]

[Text] Nicaraguan Vice President Sergio Ramirez Mercado arrived at 1800 today in Brasilia, accompanied by Deputy Foreign Minister Victor Hugo Tinoco and Raul Guerra, director of the Latin American Division of the FSLN International Relations Department. They were received at the airport by Brazilian Foreign Minister (Tarso Flecha Da Lima) [title and name as heard] and Nicaraguan Ambassador Ernesto Gutierrez.

Vice President Ramirez told newsmen on his arrival that he was not on a political visit but that he was going to explain to the Brazilian Government Nicaragua's position regarding the Central American situation and how it is affecting the whole continent. He also said that President Jose Sarney has expressed special interest in developments in Central America.

Ramirez told newsmen that he will explain to Brazilian authorities Nicaragua's views and proposals for peace in Central America. He will also discuss the Contadora Group's peace efforts Ramirez said that Nicaragua insists on the need for a bilateral dialogue with the United States. If Reagan and Gorbachev are going to meet, there is no reason why the United States cannot talk to Nicaragua, a small and weak country.

Vice President Ramirez will also hold working meetings with Ulyses Guimaraes, president of the Chamber of Deputies, Jose Frageli, president of the Senate, and Senator (Fernando Henriquez Cardoso).

Holds Talks With Sarney

PY042359 Paris AFP in Spanish 2254 GMT 4 Jul 85

[Text] Brasilia, 4 Jul (AFP) -- Today, Brazilian President Jose Sarney proposed the resumption of direct talks between Nicaragua and the United States during a meeting with Nicaraguan Vice President Sergio Ramirez.

In a statement made at Planalto Palace (the seat of the Brazilian Government), Ramirez said Sarney made the proposal during a meeting they held this afternoon.

Ramirez added that he had briefed Sarney on the Central American situation, that he had conveyed to him the Nicaraguan concern over the situation there, and that he had asked Sarney for Brazilian participation to strengthen the Contadora Group. President Sarney expressed his opposition to Brazil joining the Contadora Group -- made up of Mexico, Venezuela, Colombia, and Panama -- and proposed the resumption of the U.S.-Nicaraguan talks, which were suspended last January by the Washington government, Ramirez said.

Ramirez also regretted the U.S. Senate decision to authorize the deployment of U.S. troops abroad and noted that this decision would stimulate the armed struggle in Central America.

Ramirez left tonight for Rio, where he will meet with Governor Brizola tomorrow. On 6 July, he will go to Buenos Aires.

RESUMPTION OF CUBAN RELATIONS SEEMS ASSURED

PY050325 Porto Alegre Radio Guaiba in Portuguese 0200 GMT 5 Jul 85

[Text] President Jose Sarney has virtually decided to resume diplomatic relations with Cuba. The government is only awaiting the conclusion of the necessary diplomatic steps and the opportunity to announce its decision. According to Sarney's advisers, the president is certain that there will be no difficulties in adopting this decision.

Foreign Minister Olavo Setubal believes that the economic exchange with Cuba will never be significant because Cuba is a competitor of Brazil. According to other Itamaraty sources, neither are there any great prospects regarding the two countries' policies in the hemisphere since it is very unlikely that the Brazilian and Cuban stances will reach similar points of view. The Brazilian Government, for example, does not agree with the Cuban proposal that the indebted countries stop making interest payments on their foreign debt and thereby compel the creditor countries to agree to renegotiate the foreign debt.

HEAT-SEEKING ANTIAIRCRAFT MISSILE PROJECT

PY021952 Rio de Janeior O GLOBO in Portuguese 1 Jul 85 p 14

[Excerpts] Brasilia -- In 1986, the Aerospace Technology Center (CTA) in San Jose dos Campos will begin initial testing of the first Brasilia-designed antiaircraft missile, the "Pirana" which at the Aeronautics and Army Ministries is known as project "Solar." This missile will be used to defend air bases, military units, tanks, and warships against air attacks, and its cost in cruzeiros will be less than half of the cost of similar devices sold on the international market.

Here is an example of the missile's ability:

A tank column is moving along a road while enemy planes approach, flying at the altitude of 100 or 200 meters. The "Fila" radar of manufactured by the Brazilian Aerospace Industry, detects the formation 10 km away and directs the missile batteries to fire automatically. Each aircraft battery installed on a chassis of a "Charrua" tank can fire four missiles simultaneously.

Propelled by a solid-fuel rocket which is discarded shortly after launching, the missiles attain a speed twice that of sound and begin to follow the planes by using infrared sensors that sense the heat of the jet turbines and will hit them directly or damage them by exploding nearby. The tank column can thus keep moving forward free from the threat of enemy planes and bombs.

The surface-to-air version of the "Pirana" will be approximately 2.5 meters long. The estimated price will be $600,000 and assembly-line production is due to begin in 1987.

BOMB THREAT DELAYS U.S. 4 JULY CELEBRATION

PY031446 Madrid EFE in Spanish 1351 GMT 3 Jul 85

[Text] Santiago, 3 Jul (EFE) -- A bomb threat delayed the celebration of the 209th anniversary of U.S. independence in Chile. The ceremony, which finally took place last night at the Chilean-U.S. Institute, was attended by U.S. Charge d'Affaires Wade Mattheus representing Ambassador James Theberge, who is currently in Washington. Shortly before the ceremony was scheduled to begin, a telephone call was received reporting that a bomb had been placed at the site of the ceremony. This prompted an evacuation of the site. After security personnel made a thorough check of the building and ascertained that the call had been a false alarm, the ceremony began after a delay of almost 2 hours.

BOMB EXPLODES AT JOINT AMERICAN CULTURAL CENTER

PY041840 Santiago Domestic Service in Spanish 1730 GMT 4 Jul 85

[Report from Rancagua]

[Text] Today a bomb exploded at the headquarters of the Chilean-American Cultural Center. Following is the text of an official communique from the Regional Intendancy of the Sixth Region:

The Intendancy of the Sixth Region would like to inform the people of the following: At 0620 local time on 4 July 1985 unidentified individuals detonated a low-powered bomb in a lot next to the building of the Chilean-American Cultural Center at 536 Gamero Street in Rancagua. Fortunately, no one was injured.

The communique was signed by Lieutenant Hector Mendoza de la Fuente, chief of the Public Relations Department of the Intendancy of the Sixth Region.

STUDENTS STAGE DEMONSTRATIONS, BURN U.S. FLAG

PY050318 Madrid EFE in Spanish 1627 GMT 4 Jul 85

[Excerpt] Santiago, 4 Jul (EFE) -- The Chilean Students Confederation (Confech), an umbrella organization that encompasses all democratically elected student boards in major Chilean universities, has called a protest drive against repression and government intervention in the universities. During demonstrations staged on the grounds of the University of Chile, the students erected barricades on the streets and burned a U.S. flag. The students protested the U.S.-Chilean negotiations for the utilization of Easter Island airport for emergency landings by U.S. space shuttles. Angel Domper, the top leader of the law school, has told EFE that the strike in his school was complete today and that it will continue tomorrow.

PINOCHET URGES DENOUNCING OF 'MARXIST' PROFESSORS

PY022141 Santiago Radio Chilena in Spanish 2330 GMT 2 Jul 85

[Text] Head of state Captain General Augusto Pinochet today urged young students to denounce, quote, the Marxist professors who should have left 12 years ago, unquote. The head of state made this appeal to 56 high school and university students who had breakfast with him at La Moneda Palace. During the meeting, Gen Pinochet emphasized that the government is particularly concerned with technological progress, stating that the universities need top-notch, qualified professors with neoliberal beliefs. The head of state also announced that the transfer of educational staffs to the municipalities will be continued and consolidated.

CARVAJAL ON ARMED FORCES ROLE, TRANSITION

PY022258 Santiago EL MERCURIO in Spanish 23 Jun 85 pp D 2, D 3

[Interview with Defense Minister Admiral Patricio Carvajal, at his office in the Defense Ministry in Santiago, by EL MERCURIO journalist Raquel Correa -- date not given]

[Excerpts] [Correa] Eleven years and 9 months have already passed...

[Carvajal] The point was not merely to replace the government with a similar one. It was necessary to uproot the evil. The evil was the political chicanery and the weakness of the institutions and the laws, which allowed a minority of one-third of the population to rule over the country. It was also necessary to prevent a split within the democrats. A division between the Christian Democratic Party and the National Party, two major parties at that time, would have been irreversible and dangerous. The worst evil was the deep division in the democratic sector, which resulted in a minority being able to seize power. The scum of the country, the most unfit sectors were in that minority.

[Correa] Is there any explanation for the fact that after so many years the country remains under a state of exception?

[Carvajal] The country remains under a state of exception because it has been under constant fire from the Soviet colonial empire. This campaign, launched through Radio Moscow, has received weapons, training, and financial support. It has been carried out by terrorists with the help of thousands of fools around the world. Exceptional measures are necessary to repel this attack.

[Correa] Has the lifting of the state of siege contributed to the transition period?

[Carvajal] That will depend on the country's behavior. The government will react proportionately to the people's conduct. No state of exception is necessary with a peaceful and democratic opposition. If there is violence, the government has to resort to special measures.

[Correa] You mean the state of siege might be reimposed?

[Carvajal] Exactly.

[Correa] Is repression the best way to fight terrorism?

[Carvajal] Police repression is absolutely necessary. While there is terrorism, special legislation and special means are needed to fight terrorists. We need a specialized agency like the National Intelligence Center.

[Correa] And is it possible to prevent abuses...?

[Carvajal] This agency must act in strict compliance with the law and with total honesty. It must also work hard to prevent terrorism so that the government can discharge the duty of preserving the people's security.

[Correa] Many people suspect that violent actions have been staged by those who are in charge of preserving the people's security....

[Carvajal] That is incorrect. I know that our police forces are particularly careful about acting in moderation to avoid overreacting to the activists' provocations.

[Correa] In the specific case of the abduction and murder of Jose Manuel Parada, Manuel Guerrero, and Santiago Nattino, the public suspects that police organizations, specifically the Carabineros, are involved. Taking into account that this institution is under your ministry's jurisdiction, have you ordered an internal investigation?

[Carvajal] It was not necessary to order any investigation. The police have always been concerned about their professional and ethical conduct. They would severely punish any transgression. Those are anonymous, irresponsible charges which, as Carabineros Inspector General Carlos Donoso has put it, are completely groundless.

[Correa] Many observers of the national situation are concerned because they believe that nothing is being done to achieve a reconciliation among Chileans. What do you think?

[Carvajal] In my 11 March 1984 speech I expressed the opinion that to advance on the road toward transition, a sincere effort by all democrats is necessary. The sooner such a broad agreement among the democratic forces is achieved, the better it will be for a smooth and peaceful transition to full democracy.

[Correa] Do you believe that basic agreements are possible among antagonistic groups, including an agreement involving the Armed Forces without whose participation a peaceful transition to democracy will not be viable?

[Carvajal] My hope and wish is that all true democrats can unite. The way I see it, that is indispensable for the formation of a sufficiently solid democratic basis for the transfer of power to them whenever the timetable is completed. My statement to that effect was regarded as heresy.

[Correa] Even Admiral Merino then said that you were not qualified to make that statement, because you are retired and do not represent the thinking of the Armed Forces. What you said was construed as a call for the formation of a great movement behind the government.

[Carvajal] A broad movement of true democrats.

[Correa] A great party?

[Carvajal] No. I do not like the word party, because it comes from the verb to part, which means to divide. I like what union, alliance, confederation, joint action stand for.... I agree with the existence of diverse movements or political associations that can in turn, become federated. What worries me is the possibility of a return to democratic division like the one in 1970 that permitted the triumph of a nonrepresentative minority, of a perverse minority.

[Correa] Admiral, your March 1984 speech was construed as a call to form a movement of government partisans, that is, a party...

[Carvajal] I did not make a call to government partisans. I clearly referred to those who accept the existing legislation. This is to say that I referred to people who do not start by calling for the president's resignation and for the abrogation of the Constitution, but to those who accept the rules of the game now in progress. We have a Constitution that was approved in a plebiscite by the overwhelming majority, and we have a president who on the same occasion was elected by the same majority. I referred to an alliance or confederation of parties on the basis of accepting the existing order.

[Correa] But the parties are disbanded, banned...

[Carvajal] I did not mean for that alliance to be formed before the law on political parties is promulgated. The possibility of a dialogue was being contemplated at the time, and the promulgation of the law on political parties seemed imminent. But in the political spectrum there appeared a number of small parties and among these there were great divisions despite the fact that they were democratic, Christian, and had common roots, and that is not the appropriate basis for a transition to democracy. I continue to think the same way: The transition to full democracy will be possible whenever there is a democratic union, a democratic confederation to which the government can be transferred. But how can the government be transferred if the citizens are divided among minor parties that are antagonistic to one another? That is an ideal, it is my hope, and I was not making an appeal. But I am convinced that there will not be a transition to democracy as long as the democrats are not united.

[Correa] Behind the government, Admiral?

[Carvajal] Behind democratic ideals. Let them support the government on whatever they think it should be supported, and let them criticize it for whatever they consider is wrong. If they are a democratic opposition, let them act democratically.

[Correa] Suppose that agreement is attained. What will be the next step?

[Carvajal] This will have to be gradual. I do not believe it will happen overnight. Then, the political laws that are being discussed will be the solid basis for the change of government at the end of 1989. Let us hope that by then there will be a sufficiently solid democratic basis to assume the government at that time, under the new rules of the game.

[Correa] Do you believe that a prior understanding will be possible or necessary between the military government and the organized civilians?

[Carvajal] Supposing that a responsible democratic base exists and the legislation is promulgated, a series of talks and agreements should take place to see how the government will be transferred. When will the elections be held? When will Congress be installed? When will the president be elected?

[Correa] But last year General Matthei said that the democratic sectors will have to hold a dialogue with the commanders of the Armed Forces, and when the Democratic Alliance sent them a letter, they threw it into the waste basket...

[Carvajal] Talks cannot be held with various groups without knowing the degree of representativity they have. They must have true representativity, and support great objectives, not minor, contingent things...Chile is a democratic country.

Democracy is not something that can be won or lost in one or more elections, in one or more military governments. Democracy is something that exists in the spirit of the people, in their habits, in the country's soul.

[Correa] What role do you think the Armed Forces should play in Chile's future? Do you favor their being left out of the political decisionmaking process and devoting themselves exclusively to their professional functions?

[Carvajal] I favor the Armed Forces staying out of political decisions and devoting themselves exclusively to their professional functions, without relinquishing the special responsibilities imposed on them by the Constitution.

[Correa] Once democracy returns, should the Armed Forces be subordinated to the political power...?

[Carvajal] Yes.

[Correa] Having reached an agreement with Argentina and considering the economic crisis the country is experiencing, has thought been given to the advisability of cutting the defense budget?

[Carvajal] Of course, we have given thought to reviewing the costs necessary for the defense of the nation against external dangers, and, in fact, some considerable reductions have already been made in the 1985 budget compared to that of 1984. However, the major purchases of war materiel and weapons systems are not paid in cash and today the Armed Forces have their own foreign debt, although it is smaller and of shorter term than the foreign or private debts of the nation.

[Correa observation] Minister Carvajal likes this topic very much, and says "this is my topic;" he shows maps, magazines, and papers. This week he received political scientist Genaro Arriagada in his office. Genaro Arriagada has published military expenditure figures, and the minister concluded that they were speaking of different things, "because Mr Arriagada included police expenditures in the military outlays." Comparing the military expenditures of all countries of the world, he concluded by saying:

[Carvajal] All countries of Latin America, except Peru, apportion less than 2.5 percent of their gross domestic product to military expenditures. Peru is continuing to stockpile armaments. It has bought 27 Mirage aircraft at the cost of $15 million apiece. Who is threatening Peru so that it has to buy more planes, in addition to those the Russians gave it? Compare it with Chile, which had been openly threatened with an invasion from Argentina for the past 6 years... Our neighbors, Peru and Argentina, are spending much more per capita than we are. It must be recognized that even though this is a military government, it has been much more moderate in its defense outlays. The Armed Forces of the neighboring countries that could in some way threaten us are many times superior to those of Chile.

[Correa] Isn't that dangerous to Chile's security?

[Carvajal] We do not intend to enter an arms race, because it would be ruinous. However, we have a great advantage: We have never thought of an offensive war. Our idea is to defend the nation, and we have an important psychological factor on our side: The belief in the justice of our cause. We are defending what is ours, we do not want to take anything away from other countries. This is very important before the international community. In addition, we have natural obstacles to aid our defense: the Andean mountains and the sea.

These natural obstacles can be improved with arms, and this is less expensive than buying offensive weapons. A medium size tank costs $1 million, whereas a guided missile to destroy a tank costs $10,000. We have chosen to buy antitank weapons rather than tanks. Tanks, bomber planes, and submarines are offensive weapons...

[Correa] Chile is not buying any of them?

[Carvajal] Well... we have some, but if the possible aggressors buy 100 tanks, we just reinforce our antitank arsenal. Thus, we are spending only one-hundredth, without curtailing our national development.

[Correa] Admiral, you have made public an agreement with the United States to use the Mataveri airstrip for possible landings by space shuttles. Do you agree with Admiral Le May's idea to sell or lease Easter Island?

[Carvajal] No, I don't agree with Admiral Le May. I hate the thought of any portion of the national territory being sold or leased.

[Correa] Of all the arguments brought up against that project, the most important is the risk it will pose in case of war...

[Carvajal] That's stupidity, sheer stupidity.

[Correa] Is it stupidity to think that Easter Island could be a target for attack in case of war for the simple reason that modern U.S. installations are located there, a sort of U.S. enclave in the South Pacific?

[Carvajal] An enclave, no. Under the norms of the Inter-American Reciprocal Assistance Treaty, the island could be defended with the aid of the United States, just like the ports through which Chile exported strategic materials were protected during World War II.

[Correa] Admiral, tell me -- as though you have your hand on the Bible -- is it a question of only extending the airstrip for the landing of space shuttles in cases of emergencies...?

[Carvajal] That's it. The rest is speculation. The only thing that is being done is to improve the international airport both in length and in navigational and landing aids to bring it up to the level of a modern international airport... considering that Easter Island is in the middle of the immense Pacific Ocean, and thus it requires the best navigational aids so that Mataveri can become a more efficient airport in accordance with the norms for international airports.

[Correa] And to equip it with instruments capable of detecting Soviet ships that might be around?

[Carvajal] No, no, no. The equipment to be installed there will be to improve land-air communications; the communications between the control tower and the pilot of the aircraft or shuttle that wants to land there. Better guidance equipment also, radio signals to indicate to the pilot the exact position of the landing strip. There are 2,000 miles between Chile's continental coastline and the island, and there is no navigational assistance equipment. So the equipment that will be installed on the island should be very good. Taking off from Santa Barbara [as published], the shuttle travels with no reference point to correct its direction and, therefore, the equipment in Mataveri should be very good to provide security during its flight.

[Correa] If the Chilean Air Force is already in favor of that project, what obstacle are they running into in giving their approval?

[Carvajal] The treaty has a great deal of stipulations...

[Correa] Is that to say that a treaty is already being written?

[Carvajal] The Americans came early this year with a complete project. They asked us to expand the airstrip and to equip it. We told them: Wait a minute, we are going to study this. We have been studying it, adding some things and making others clearer.

[Correa] What is Chile asking for in exchange? Or is it satisfied with the expansion of the airstrip by a couple of meters?

[Carvajal] That I cannot tell you, but the United States offered us that, and we wanted something else and specified it.

[Correa] Is one of those conditions that the Americans do not install missiles on the islands?

[Carvajal] [Correa's observations] He smiles in his characteristic way. [Carvajal speaks] We demand that no missiles be installed. They cannot even carry pistols: no arms, no privileges or diplomatic immunities, nothing of the sort. They will come just like any Eastern Airlines passenger.

[Correa] Admiral, it is shocking for some people that a military, an essentially nationalistic government therefore, should cede an airstrip on its territory...

[Carvajal] Nothing should be shocking. It is very convenient to the country's interests. This will not be a military base. The important thing is to enhance the navigational security of an airport to give it international status.

FORMER MINISTER STRESSES NEED FOR TRUE DIALOGUE

PY281548 Santiago Radio Cooperativa in Spanish 1700 GMT 27 Jun 85

[Excerpts] Former Finance Minister Andres Zaldivar has stated that to talk about holding a dialogue means to lay the cards on the table and reach some kind of agreement that reflects the country's expectations. During a chat with the press, Zaldivar focused on several issues. Zaldivar was asked about the possibility of holding a dialogue.

[Begin recording] That is something I said 2 years ago upon returning to Chile from exile. I would not endorse holding a dialogue without first establishing the principles upon which an agreement is to be reached. At that time, I talked about the need for a timetable to achieve democratic normalcy. I believe that to talk about dialogue just for the sake of talking is to delude oneself, to delude the country, and to raise expectations about something that actually is a very serious matter. I believe that it would be very traumatic for Chileans if the question of a dialogue were to be raised again without any solution being found. [end recording]

Zaldivar concluded by stating that for a true dialogue to exist it is necessary to lay the cards on the table and reach some kind of agreement that reflects the country's overall expectations.

FEBRES CORDERO CONDITIONS OPEC SUPPORT

PA050037 Madrid EFE in Spanish 0310 GMT 3 Jul 85

[Text] Quito, 2 Jul (EFE) -- Ecuador will support any effort by OPEC to stabilize the international market, but not at the cost of it having to make sacrifices. This statement was made by conservative President Leon Febres Cordero at a conference for the participants in the meeting of the presidium of the International Organization of Journalists (IOJ).

The head of state said that he had instructed his country's delegation, which left on Monday for the OPEC meeting, to support any measure aimed at rationalizing production to protect prices. But, he added, the weight of any measure must be in proportion to each country's production and selling capacity. It would not be fair to expect a small country, which exports 60 million barrels yearly, to suffer the same consequences as others with the capacity to export 2 million barrels daily.

Ecuador has had difficulties with OPEC due to noncompliance with its commitment to limit its production to 180,000 barrels daily, which it was assigned in December.

Earlier, Febres Cordero himself admitted production over that figure in order to keep the nation's economy, which is largely dependent on that product, on its feet.

EXPLOSION OCCURS NEAR PRESIDENTIAL PALACE

PA040222 Paris AFP in Spanish 0155 GMT 4 Jul 85

[Text] Quito, 3 Jul (AFP) -- A homemade bomb exploded this morning in the downtown part of colonial Quito, 100 meters from the Presidential Palace, causing damages to the entrance of the building.

The police reported that several flyers signed by the Ecuadoran subversive "Alfaro Lives" group were found, while the walls where what appeared to be a stick of dynamite exploded also bore Alfarist slogans.

In the building where the explosion occurred, 40 meters from AFP headquarters, there is a private office occupied by left-wing opposition Deputy Lenin Rosero, who blamed the government for the attack. He said, "the president of the Republic will be held responsible if anything happens to me or my family."

PERCOVICH REJECTS CITE STRIKERS' DEMANDS

PY032152 Lima Cadena Panamericana Television in Spanish 0300 GMT 3 Jul 85

[Text] Striking members of the Inter-Sectorial Confederation of State Workers [CITE] carried out new disturbances on Venezuela Avenue and 2 May Park. The demonstrators piled rocks, tires, and burning trees on the streets to obstruct traffic. The state workers, who are members of CITE, are in the third week of their strike, and a solution to the conflict does not appear near. As a result of the disturbances the police arrested 23 workers ; they included men and women. They were taken to a police station and from there to the Investigative Police Security Department. They have been accused of obstructing public order and destroying public and private property. Prime Minister Percovich reiterated that the demands of the workers will not be met.

[Begin recording] [Reporter] Did you meet with the Lima mayor?

[Percovich] Yes, I met with Barrantes. I gave him a complete explanation of how the demands of the CITE had been met, the content of the 27 March act, and how the requests contained in the act were met. I also explained the problems created by the current economic crisis, and the legal measures that do not allow any more salary readjustments until results of the first 6 months have been evaluated.

[Reporter] Does this mean that a salary readjustment will not be made?

[Percovich] So far that is not possible, because the law is very clear on this. An evaluation must first be made, and then it must be determined that funds are available. Once these steps are taken, a salary scale has to be approved. This is the responsibility of a high-level commission, which includes an Economy Ministry representative. [end recording]

Strikers Occupy Church, Institute

PY041613 Lima Cadena Panamericana Television in Spanish 0300 GMT 4 Jul 85

[Excerpt] Striking members of the Inter-Sectorial Confederation of State Workers [CITE] who have been demonstrating for the past 2 weeks today occupied the Santo Domingo Church. A group of workers entered the church with a sign listing their demands. Another group occupied the National Scholarship Institute to pressure officials to find a solution to the demands made by CITE. The activities in the institute were paralyzed. Labor Minister Joaquin Leguia today condemned the takeover of buildings, pointing out that these actions exceed the rights of strikers.

AUTHORITIES THWART VAST SUBVERSIVE CONSPIRACY

PY041834 Buenos Aires TELAM in Spanish 1753 GMT 4 Jul 85

[Text] Lima, 4 Jul (TELAM-ANSA) -- A vast conspiracy known to Peruvian subversive leaders by the code name Presidente has been thwarted by the authorities, who have managed to arrest 24 persons involved in the conspiracy and seize 4 vehicles loaded with explosives. It has leaked out that the subversive plan was to be implemented simultaneously in Lima and the main rural cities to cause social chaos. Everything is being kept secret so far, but information that has leaked out suggests that the idea was to sabotage the presidential inauguration ceremonies scheduled for 28 July.

Further Details

PY042029 Paris AFP in Spanish 1604 GMT 4 Jul 85

[Text] Lima, 4 Jun (AFP) -- Four cars loaded with dynamite and powder, three in Corcona and one in Ayacucho, were defused yesterday, thus nipping in the bud a terrorist onslaught of unfathomable consequences, according to the police.

The operation by police intelligence services thwarted terrorist plans with just 24 days to go before the presidential inauguration and led to the arrest of 24 suspects. Three car bombs were seized at the Corcona police checkpoint on the main highway 54 km from Lima when the 14 persons in the cars tried to avoid the police checkpoint. The vehicles were being driven to Ayacucho, 575 km southeast of Lima.

In another operation in Chaclacayo, 30 km southeast of Lima, 10 alleged terrorists, 3 of them women, were arrested for possession of weapons, ammunition, subversive propaganda, and a radio transmitter. Another car bomb was also discovered yesterday, this time at the parade ground in Ayacucho, a terrorist center that has been placed under military jurisdiction. Had the car bomb exploded, it would have caused a tragedy, according to the police, who refused to release the details. In Quillabamba, capital of La Convencion Province, Cusco Department, a bomb destroyed a pickup truck owned by Raul Corrales, chairman of the Human Rights Commission, without injuring anyone.

Meanwhile, last night alleged terrorists hurled a bomb at the dining room of the Brena District police station in Lima, inflicting some minor damage. Other alleged terrorists made several phone calls reporting that bombs had been placed in various public buildings, which set special police units into motion. The phone calls turned out to be false alarms.

TERRORISTS KILL POLICEMEN IN LIMA, LAGUNAS

PY041419 Paris AFP in Spanish 2010 GMT 3 Jul 85

[Text] Lima, 3 Jul (AFP) -- Today, police disclosed that a commando unit of alleged terrorists yesterday shot a former policeman to death. The policeman was murdered on a busy street in downtown Lima. The perpetrators covered the body with a poster that read: This is how torturers die.

The murderers, two men and a woman, fired at the man from a moving vehicle. The victim, who was in his last year at the Inca Garcilaso de la Vega private law school, was the son of a member of the Republican Guard and a relative of members of the plainclothes police force.

Elsewhere, the police forces of Iquitos, capital of Loreto, disclosed that Daniel Rodriguez Azcarate has been identified as the head of a group of arrested terrorists who attacked Lagunas locality, in Loreto, 3 days ago. Rodriguez Azcarate is the son of Army General Leonidas Rodriguez Fugueroa, who is president of the Socialist Revolutionary Party (PSR) and an outstanding member of the military government headed by General Juan Velasco Alvarado. It was learned from sources of the Antiterrorist Directorate (Dircote) that Rodriguez Azcarate had recently been in Cuba where he was allegedly trained.

Yesterday, under heavy security, the terrorists were transferred from Yurimaguas, near Lagunas, to Iquitos. Last Sunday, the terrorists practically took over Lagunas where they murdered a policeman, a worker, and an engineer.

After seizing weapons, ammunition, medical equipment, and medicines, the terrorists managed to flee in a speedboat along the Huallaga River. However, on Monday they were caught by a group of plainclothes policemen.

It was also revealed that another of the alleged leaders is physician Manuel del Castillo, who disappeared on the day of the attack, together with a foreigner whose identity still has not been disclosed by the police.

This is the first such attack in this region since 1980, when the extremist Shining Path group appeared in Ayachucho, 575 km southeast from Lima, unleashing the armed struggle in Peru.

Fireman Injured in Piura

PY031820 Paris AFP in Spanish 2213 GMT 2 Jul 85

[Excerpt] A bomb that exploded in an Education Ministry office after a power outage last night seriously injured a fireman in Piura, 1,050 km north of Lima, the police reported today. The attack has caused concern among Piura authorities because it is the first attack of this type in this city, the police said. William Olaya, a 25-year-old fireman, happened to be in the office when unidentified people threw the bomb. Olaya tried to defuse the bomb but it exploded.

Elsewhere, police authorities from the town of Yurimaguas, 1,000 km northeast of Lima, reported the capture of 13 alleged terrorists, including 2 women, who presumably participated in a recent attack against a nearby town called Lagunas in which 3 people was killed. A foreigner, believed to be Italian, is among those arrested. Police have not yet identified the man, but he is thought to be an instructor for the Shining Path commando, and the person responsible for the attack.

SOVEIT ENVOY SUMMONED TO EXPLAIN EMBARGO

PY031408 Lima Radio del Pacifico in Spanish 1300 GMT 3 Jul 85

[Text] Yesterday, Soviet Ambassaodr Anatoliy Filatov left unexpectedly for the Soviet Union. Although the ambassador said that he was going on vacation, it has been learned that Filatov was summoned by his government to explain the embargo of Soviet vessels.

SOVEIT VESSELS TO BE UNLOADED BEFORE RELEASE

PY041616 Lima Cadena Panamericana Television in Spanish 0300 GMT 4 Jul 85

[Text] Fisheries Minister Ismael Benavides today revealed that a court has ordered the transfer of the Soviet fishing vessels from Pimentel to Pisco. He pointed out that this operation has been coordinated with the Peruvian Navy. Minister Benavides explained that the transfer of the Soviet fishing vessels to Pisco was ordered becasue this port has large cold storage facilities to store frozen fish. He added that the Soviet fishing vessels will be allowed to leave because the embargo is not on the vessels but on the cargo. Minister Benavides said that the debt concerns the 2,400 tons of fish for which a Peruvian company had contracted the Soviet fishing company. The minister indicated that the problem is of a commerical nature and that the relations with the Soviet Union are normal.

He also said that the fishing industry in Peru is developing and will continue to grow with adequate policies.

COMMERCIAL MISSION TO TRAVEL TO CUBA

PY042141 Madrid EFE in Spanish 1106 GMT 4 Jul 85

[Text] Montevideo, 4 Jul (EFE) -- Sources at the Uruguayan Foreign Ministry today told EFE that the first Uruguayan commercial mission to Cuba in the past 24 years will travel to Havana next week. The purpose of the mission is to restore the commercial relations that were interrupted when the Uruguayan Government abided by the OAS resolution to isolate the Caribbean island. The Urugyayan mission is scheduled to arrive in Havana on 11 July. It is made up of officials of the Foreign Ministry's Foreign Trade Department and representatives of export firms. According to the information provided to EFE, the mission will try to place jerked meat, frozen beef, milk by-products, and chemicals on the Cuban market.

The decision to restore commercial relations with Cuba was made in March after President Julio Maria Sanguinetti, shortly after assuming the presidency, repealed a decree that prohibited negotiations with Fidel Castro's regime.

TRANSPORTERS, TEACHERS, OTHERS DECLARE STRIKES

PY032107 Montevideo Radio El Espectador Network in Spanish 1000 GMT 3 Jul 85

[Excerpt] The transportation system remains paralyzed following a decision by transportation workers, who have not been able to reach an agreement in the salary negotiations with the Salary Council. During an assembly the transportation workers decided to go on an indefinite strike until an agreement is reached. The strike affects all urban and interdepartmental bus companies, as well as Montevideo taxi services. The emergency services provided by some companies are expected to be restricted.

Other sectors are also on strike. In public schools, primary and secondary teachers are going on strike, and therefore there will be no public school classes today. Metalworkers and employees of the Ministry of Labor and Social Security, Pluna Airlines, and the Customs House Administration are also planning partial stoppages. Workers of the private health sector plan to go on strike at 0800 local time today until 0000. The workers of the General Hospital are also on a 24-hour strike.

With regard to the transportation workers strike, workers of the Uruguayan Bus Company, Inc who occupied the company's offices have been evicted by the police without incident. The Federation of Transportation Workers has reiterated its call for a meeting with the president of the Republic. Negotiations with the Salary Council will continue today, and the lifting of the strike will depend on the results of the negotiations. The teachers will hold a general assembly at 1800 local time in the Astral Theater.

CNT Calls Off Strike

PY050132 Madrid EFE in Spanish 2321 GMT 4 Jul 85

[Text] Montevideo, 4 Jul (EFE) -- The National Convention of Workers (CNT), the main labor organization of Uruguay, tonight called off a 24-hour general strike that was to start at midnight 4 July (0300 GMT 5 July). The decision was made in an assembly of representatives of CNT-affiliated unions. The decision to call the strike was made on 2 July by CNT union secretaries in solidarity with striking transportation workers. In calling off the strike, the CNT decided to ask for a meeting with President Julio Maria Sanguinetti to present the workers' demands to him.

PRESIDENT CONGRATULATES GROMYKO ON NEW POST

PA050043 Mexico City XEW Television Network in Spanish 1300 GMT 4 Jul 85

[TExt] President Miguel de la Madrid sent a message of congratulations to Soviet leader Andrey Gromyko for his appointment as new chairman of the USSR Supreme Soviet Presidium. The Mexican president asserted his hopes that the cooperation and understanding between the two nations will be carried out at the highest level.

I am pleased to congratulate you for your appointment to that post, President De la Madrid pointed out in his message. I assert my best hopes for success in your activities. I am sure that your successful role in such a highly responsible position will contribute to strengthening the ties of friendship and understanding between Mexico and the Soviet Union within the framework of a cooperation based on mutual respect, equality, and the search for solutions to the most critical problems of our times, particularly the need to ensure a climate of peace and agreement in the world, he concluded.

NICARAGUA'S RAMIREZ MEETS WITH DE LA MADRID

PA040404 Managua Radio Sandino Network in Spanish 1200 GMT 3 Jul 85

[Text] Nicaragua has requested that the Contadora Group submit an official appeal to the United States to stop its economic and military aggression against the Sandinist revolution and alter its intent to block the search for a peaceful, negotiated solution to the Central American crisis. The request was made by Nicaraguan Vice President Sergio Ramirez Mercado to Mexican President Miguel de la Madrid during their meeting yesterday.

Ramirez said that the Contadora Group members should use their individual prestige as independent Latin American nations to persuade the Reagan administration to put a stop to its arbitrary and terrorist attitude toward Nicaragua. The vice president also asked Mexico to try to convince the Contadora Group to establish a security zone on the Costa Rican border with international supervision, as proposed yesterday by President Daniel Ortega to his Costa Rican colleague, Luis Alberto Monge.

At the end of his 7-hour visit to Mexico, Vice President Ramirez Mercado charged that the United States is engaged in terrorist and destabilizing activities in Nicaragua. During his visit Ramirez met with President de la Madrid and Secretary of Foreign Relations Bernardo Sepulveda Amor. Radio Educacion, of Mexico, carried the following report:

[Begin recording] [Announcer] If a U.S. intervention against Nicaragua should take place, the Contadora Group's efforts would be defeated, Nicaraguan Vice President Sergio Ramirez said. At a press conference, the Nicaraguan official declared that the Contadora Group is the only feasible means to solve the Central American conflict. He insisted that the United States is engaging in terrorist and destabilizing actions in his country.

[Ramirez] The U.S. Government has an arbitrary and terrorist attitude. When speaking of terrorism in the world today it must be remembered that the principal victim of terrorism in the past 3 years has been Nicaragua. As a result of that terrorism over 6,000 Nicaraguans have been kidnapped, tortured, murdered, maimed, their homes destroyed by fire, and their crops razed. In fact, NEWSWEEK magazine recently published a number of color photos of two Somozist mercenaries beheading a poor peasant. Yet the United States has taken no reprisals against the counterrevolutionaries; instead, it is supporting them with more resources. That is the real situation.

[Announcer] The Nicaraguan vice president noted that his country's government is revolutionary and democratic and exercises political pluralism within the limitations imposed by the cruel war affecting his country. Ramirez also urged the establishment of a security zone between Nicaragua and Costa Rica and called on the United States to renew talks with Nicaragua in Manzanillo.

During his 7-hour stay in Mexico the Nicaraguan vice president met privately with Mexican Secretary of Foreign Relations Bernardo Sepulveda. He was also received by President Miguel de la Madrid at a meeting not included on the presidential agenda. [end recording]

Reports on Visit

PA030411 Managua Radio Sandino Network in Spanish 0000 GMT 3 Jul 85

[Text] The Mexican Government is willing to continue efforts in the peace process, Nicaraguan Vice President Dr Sergio Ramirez Mercado said after meeting today with Mexican President Miguel de la Madrid. Ramirez Mercado told President De la Madrid that the Contadora Group might create a security force along the Nicaraguan-Costa Rican border as a means for achieveing peace. We now bring your statements by Vice President Sergio Ramirez Mercado from Mexico.

[Begin recording] [Words indistinct] I think the Mexican Government is very interested in [words indistinct] and is willing to continue pursuing these efforts. It is very important to point this out. Mexico has played an important role in the peace efforts in Central America. The most important aspect of my tour is to show that Nicaragua has not been obstructing the Contadora Group process; quite the contrary. Nicaragua has been trying to reactivate and strengthen it. Nicaragua has been the main Contadora Group supporter. We want to show the Contadora Group member countries that Nicaragua wants to have a more constructive stand; it wants greater participation. We think that the Contadora Group member countries have been very receptive to our proposal. Now is the time for the Contadora Group to ensure a mechanism of security along the Nicaraguan-Costa Rican border. This is extremely important.

All the governments with which I have met and all of the presidents with whom I have met agreed on this proposal. I think this is a mechanism that has good possibilities [words indistinct].

We will now visit the countries of the southern cone. We will first visit Brazil, later Uruguay, Argentina, Peru, and Ecuador. We will try to strengthen Nicaragua's peaceful position, our negotiating position. We will also seek to strengthen our position to the effect that an intervention in Nicaragua must be avoided at all cost. The South American countries will have to play a great role to this effect, to support our proposal for a security mechanism along the Nicaraguan-Costa Rican border and support us so that U.S. intervention can be stopped in time. [end recording]

Remarks on Contadora, Oil

FL041345 Mexico City NOTIMEX in Spanish 0245 GMT 3 Jul 85

[Excerpts] Mexico City, 2 Jul (NOTIMEX) -- Developments in Central America make it necessary to revitalize the Contadora Group's efforts and create a security zone under international supervision along the Nicaraguan-Costa Rican border.

Nicaraguan Vice President Sergio Ramirez said this at a press conference, where he added that during his talks today with the Mexican president, they had discussed the need to encourage a climate leading to dialogue and political communication. It was also agreed that efforts must be made to define mechanisms to eliminate threats of a possible U.S. invasion of Nicaragua. Ramirez said that the Contadora Group's international prestige suggests that the United States might be persuaded to resume the Manzanillo talks. He later denied that the Nicaraguan Government is aligned with the Soviet Union, explaining that their contacts concern oil supplies. Regarding fuel purchases in Mexico and the corresponding debt, the official explained that his country is currently refinancing and negotiating.

LABASTIDA DEPARTS FRO OPEC MEETING IN VIENNA

PA050021 Mexico City XEW Television Network in Spanish 1300 GMT 4 Jul 85

[Text] Francisco Labastida Ochoa, secretary of energy, mines, and parastate industries, traveled to Vienna, Austria, yesterday to attend the 74th OPEC ministerial meeting on behalf of Mexico. According to the information received, the Mexican official's trip is part of the policy to continue exerting efforts to contribute to stabilizing the world's oil market. In Vienna, Labastida Ochoa will meet with the Mexican officials who are scheduled to meet with the oil ministers of Kuwait and Venezuela, and the heads of state of Libya and Algeria. Jose Luis Alcuria, deputy secretary of energy, and Jorge Eduardo Navarrete, deputy foreign relations secretary, held talks with the leaders of oil-producing countries in order achieve their solidarity for the defense of the oil market stability.

PSUM LEADER ANSWERS KIDNAPPERS' RANSOM DEMAND

PA050237 Mexico City XEW Television Network in Spanish 1300 GMT 4 Jul 85

[Text] Contact has been established with Arnoldo Martinez Verdugo's kidnappers by the leadership of the Unified Socialist Party of Mexico [PSUM]. In exchange for the hostage's release, the kidnappers demand an explanation concerning the money that Lucio Cabanas' group deposited with the Communist Party and the return of the money which, adding the interest since the leftists also earn interest in Mexico, would be 50 million pesos. A message was received yesterday by the PSUM Central Committee's Political Commission. It was signed by Arnoldo Martinez Verdugo and contained the three conditions for his release:

1. Clarification of the amount that the guerrilla groups deposited with the Communist Party in 1964. Much has been said about this; some say it was 5 million pesos, others say it was 7 million paid as ransom for the release of Ruben Figueroa.

2. An explanation of how the money was invested.

3. An indication of how the money will be returned.

Valentin Campa, PSUM leader has already issued a reply to the kidnappers' demands. He said that following Lucio Cabanas' death, Felix Bautista, who was kidnapped in February, sought exile abroad and left 5 million pesos with the Communist Party. Campa also said that since the money did not belong to the Communist Party, it was used to purchase some property, thus the money will be returned with the accrued interests. Consequently, the PSUM is ready to return 50 million pesos to the so-called Poor People's Party -- which no longer exists, of course -- whenever and wherever they want in order to spare the lives of Arnoldo Martinez Verdugo and Felix Bautista. Consequently, this is not an ideological or pre-electoral problem. It is simply a matter of saying: I gave you this amount, and you must return this amount.

GOVERNMENT, CONATO REACH SETTLEMENT; STRIKE ENDS

PA031325 Panama City Radio Continente in Spanish 1155 GMT 3 Jul 85

[Report by Mario Mariscal from Holiday Inn Hotel in Panama City -- live]

[Excerpt] Good morning, listeners of Radio Continente: We have received a report that beginning at 1000 today all workers are expected to return to their jobs because a settlement has been reached between the members of the government's negotiating team and the leaders of the National Council of Organized Workers [Conato].

National Commission To Be Formed

PA032304 Panama City Circuito RPC Television in Spanish 1730 GMT 3 Jul 85

[Text] Areas paralyzed in the past 48 hours returned to normal today after an agreement was signed between the national government and members of the National Council of Organized Workers, Conato. The agreement states that the banana area, which is the one most affected, would resume operations today. Work was also resumed in provincial offices of the Institute of Hydraulic Resources and Electrification and the National Institute of Telecommunications.

The National University of Panama, in a communique issued by university authorities, suspended work until Friday inclusively, apparently to reorganize activities. According to reports, classes will resume on Monday at the usual times.

Generally, activities in the capital and the countryside have been normal today following a 48-hour stoppage that resulted in serious traffic jams in various points of the metropolitan area.

Conato ended its 48-hour strike and urged strikers to resume work at 1000. An agreement signed between Conato and government representatives, with the mediation of the Legislative Assembly, states that economic difficulties experienced by the country require swift and appropriate solutions. Therefore, a national dialogue to discuss the bases for a national development plan must begin. This should allow all sectors to contribute efforts toward the solution of the problems of the Panamanian people. Convinced that a sincere dialogue, carried out in good faith, constitutes the best vehicle to overcome differences, to achieve conciliation, and to resolve problems, they agreed to establish a national commission, made up of an equal number of members from representative organizations of the business, agrarian, and labor sectors, Conato, and the public, to draft a development plan. They also agreed to consult various political, civic, and social organizations, as well as professionals and experts whose contributions could prove significant for the final outcome of the national commission's effort.

The president's decision not to call for special Legislative Assembly sessions to impose amendments to the labor code was described as positive. All citizens were urged to help support efforts to obtain the best results and face problems with determination and unity to preserve social peace and our country's democratic institutions.

COSTA RICA

MONGE REPORTEDLY REJECTS ORTEGA PROPOSAL

PA040235 San Jose Radio Reloj in Spanish 0110 GMT 4 Jul 85

[Text] [Words indistinct] the OAS investigating committee, Costa Rica will not hold talks with Nicaragua. This was reported by Costa Rican Foreign Minister Carlos Jose Gutierrez in reference to the letter sent by Nicaraguan President Daniel Ortega to President Luis Alberto Monge, discussing the establishment of a demilitarized zone at the Costa Rican-Nicaraguan border. The foreign minister said that several points of Ortega's letter to Monge require clarification and that a reply will be issued in the next few hours.

Concerning Nicaraguan President Ortega's proposal to hold talks next week, Gutierrez said that the Contadora Group must be consulted on that matter. Nicaragua has proposed that in addition to Mexico, Venezuela, Colombia, and Panama, France should also participate in those talks to contribute its expertise on the establishment of demilitarized zones. The Costa Rican foreign minister stressed that any talks held with the Sandinist regime depend on the OAS Permanent Council's report on the 31 May border incident at Las Crucitas.

Costa Rica has not accepted the proposal to establish a demilitarized zone on the Costa Rican-Nicaraguan border, contrary to what the Nicaraguan president has implied, Gutierrez said. Although President Monge told Nicaraguan President Daniel Ortega that [words indistinct] reject the Contadora Group and seek solutions [words indistinct], that does not mean that the Costa Rican Government has accepted establishing a demilitarized zone, Gutierrez added.

In his reply to Ortega, Monge stated that Costa Rica has been demilitarized over the past 30 years, not only on the Nicaraguan border but throughout the country, and that it was willing to accept a permanent observation team sent by the OAS or the Contadora Group.

DRAFT RESOLUTION TO OAS CONDEMNS NICARAGUA

PA041948 San Jose Radio Impacto in Spanish 1830 GMT 4 Jul 85

[Text] The draft resolution to be submitted by the Costa Rican Foreign Ministry to the OAS Permanent Council over the incidents at Las Crucitas will ask that Nicaragua be condemned for the incidents.

This has been learned in diplomatic circles. It is also asserted that the incidents violated Costa Rica's sovereignty and integrity. In addition, the Nicaraguan Government is urged to apologize to Costa Rica, in accordance with international law and practice, and to pay indemnity for the damages suffered.

The Costa Rican draft resolution also recommends that the Nicaraguan Government instruct its Armed Forces to avoid incidents that may affect Costa Rica's sovereignty and territorial integrity. Costa Rica also expresses its deep appreciation to the investigating commission, which was composed of representatives of the Governments of Colombia, Mexico, Panama, and Venezuela, who were assisted by the OAS secretary general, for the effectiveness of their work.

GUTIERREZ FINDS HONDURAN'S STATEMENT 'SURPRISING'

PA031933 San Jose Radio Impacto in Spanish 1855 GMT 3 Jul 85

[Text] Costa Rican Foreign Minister Carlos Jose Gutierrez expressed surprise because of the statement made by Honduran Foreign Secretary Edgardo Paz Barnica in that the Dominican Republic and Argentina should join the Contadora Group. Foreign Minister Gutierrez said:

[Begin recording] [Sentence indistinct] It is very surprising because we have not discussed this matter and it seems to me that the Contadora Group is fine the way it is. [end recording]

Foreign Minister Gutierrez also mentioned the transfer of Leonor Arguello, Nicaraguan ambassador to Costa Rica, and said that he is not sure who will replace her. It is rumored that she will be replaced by a lady named Chamorro Barrios who worked at the Sandinist diplomatic mission in Cuba, however, the foreign minister did not confirm this.

APPROVAL FOR NEW NICARAGUAN AMBASSADOR PENDING

PA031453 San Jose Radio Reloj in Spanish 1200 GMT 3 Jul 85

[Text] It has been confirmed that the Sandinist regime requested the approval for a new Nicaraguan ambassador to Costa Rica, although the Costa Rican Government has yet to approve this appointment. It is true that the Nicaraguan Government has decided to remove Ambassador Leonor Arguello and to appoint the daughter of the late Nicaraguan journalist Pedro Joaquin Chamorro who was murdered during the last days in power of dictator Anastasio Somoza. Claudia Chamorro Barrios currently holds a high position at the Nicaraguan Embassy in Havana but the government wishes to transfer her to San Jose to head the Nicaraguan mission there. It is being rumored in the official sectors that approval may be refused.

SECURITY MINISTER CITES ARRIVAL OF U.S. AIRCRAFT

PA031701 San Jose Radio Reloj in Spanish 1200 GMT 2 Jul 85

[Text] Costa Rican Public Security Minister Benjamin Piza reported that the two light aircraft donated by the U.S. Government to that ministry arrived yesterday at noon. The two Cessna 206 STOL aircraft are at the air base located at the Juan Santamaria International Airport. The donation is part of the military aid granted by the Ronald Reagan administration to Costa Rica which includes helicopters, weapons, ammunition, and other materiel.

It was learned that the U.S. may donate $1.5 million to the Public Security Ministry. However, the security minister said that he did not officially know how much money would be donated.

This aid would come from the funds that the United States was going to allocate to the Regional Military Training Center in Honduras, which was closed. The funds, allocated to train soldiers from Honduras, El Salvador, and Costa Rica, will be directly funneled to each of those countries.

Although the Costa Rican Government does not know the total amount it will receive, the money will be used to build the Murcielago military base.

POLICE ARREST GANG OF ARMS TRAFFICKERS

PA032016 Paris AFP in Spanish 2152 GMT 2 Jul 85

[Text] San Jose, 2 Jul (AFP) -- The Costa Rican police announced the arrest of a gang of arms traffickers that tried to sell military supplies worth 12 million colones (approximately $225,000) to undercover government agents. Rural Guard Director Pedro Arias reported that those arrested are Israeli Ester Mines Levi and three Nicaraguans who worked in partnership with three Costa Ricans. The traffickers' arrest took place on Sunday in a San Jose restaurant. An AK-47 machine gun and some ammunition was later confiscated in the residence of one of those arrested. According to the police report, the gang wanted to sell 160 sets of military equipment that included M-16 rifles, fatigues, military boots, 5,000 bullets, and other supplies.

AUTHORITIES INVESTIGATE WEAPONS FOUND ON SHIPS

PA041602 San Jose Radio Impacto in Spanish 1830 GMT 3 Jul 85

[Text] Members of the Intelligence and Security Directorate [DIS] are investigating the discovery of weapons on a ship that reportedly flew the Chilean flag. The ship arrived at the port of Caldera to unload raw materials for Central American Fertilizers, Inc. However, on the ship's deck, in plain view, was a large number of crates with weapons, apparently destined for the port of Corinto in Nicaragua. The Costa Rican authorities are investigating to find out if the weapons came from Chile, since there is a rumor that they were placed on board in Europe. DIS Director Sergio Fernandez sent several men from the security forces to investigate the presence of the weapons on this ship, question the crew, and determine the destination of the weapons. Vice President Armando Arauzi Aguilar said that the government is studying everything concerning a ship coming from Bilbao, Spain, carrying weapons allegedly destined for Nicaragua. He said he has talked with Public Security Minister Benjamin Piza about this matter and was told that an investigation is being carried out. Arauz added that there have been similar cases in the past, and suggested that the two cases should be studied to determine if there is any connection between them. On another matter, Vice President Arauz referred to the report presented by the OAS Investigative Commission on the Costa Rican version of the border incident that resulted in the death of three [as heard] civil guardsmen. Arauz said that it is not yet possible to determine the sanctions that will be imposed on the Sandinist People's Army, because the OAS Permanent Council has not issued its final ruling. It was only yesterday that Foreign Minister Carlos Jose Gutierrez received the report from the OAS investigating commission.

EL SALVADOR

CASTILLO DISCUSSES FOREIGN MINISTRY ISSUES

PA031441 San Salvador Radio Cadena YSKL in Spanish 1830 GMT 2 Jul 85

[Interview with Rodolfo Castillo Claramount, vice president and foreign minister, by unidentified reporter at the Foreign Ministry in San Salvador -- recorded]

[Text] [Castillo] Thanks. One of the most important pieces of information I have to report is my visit to Tegucigalpa.

Some preliminary reports have been released on this visit, which had magnificent results, and included an agreement between the Foreign Ministry and the Honduran Government, the latter represented by the Honduran president, to seek a direct accord between our two countries to avoid having to go to the Hague International Court of Justice. The two countries are most willing to seek a solution to the border problems. In addition, we discussed in depth the Contadora Group situation as a result of Nicaragua's withdrawal, due to the commercial embargo, from the discussion of the last part of the Contadora peace document, that contains the most important points, namely, stopping the arms race, establishing of arms verification and control mechanisms, and, last but not least, a domestic dialogue in each country to sove the political and social problems that cause the conflicts.

As everyone knows, the Salvadoran Government is trying to project its domestic policies into its relations with other nations. For this reason, dialogue is for us the proper alternative and the means through which reason must prevail over violence. We have expressed this stance at the international level and accept the Contadora process as the appropriate mechanism for solving regional problems and differences. We regret Nicaragua's stance and are concerned over the Contadora Group's weakness because it must remain strong. We support and have faith in the Contadora Group and hope the member countries take the necessary steps to strengthen the Group again and make it possible for the regional problem to be solved and the peace document signed. Of course, what is really important is the governments' determination and political willingness to abide by the peace document's demands and commitments. We of the Salvadoran Government are willing to abide by these rules. We are willing to honor the pacts, accords, and treaties that we sign. In this way, we demonstrate our government's de jure state and seriousness.

Later, I visited Guatemala, where I discussed these topics with the Guatemalan foreign minister and head of state, except of course the Salvadoran-Honduran border issue. We discussed in particular the Contadora Group and Guatemala's stance toward it. We agreed to outline a more united strategy to strengthen dialogue as a means to solve Central America's problems. Of course, we don't have any difficult political problem with Guatemala. Those problems related to trade and the monetary situation are technical matters we have been trying to overcome through the Monetary Board, the Central Reserve Bank and, of course, the two ministers of economy. Our meeting was very cordial. Some very important meetings on Central America will be held in the near future.

[Reporter] Has the diplomatic service already been reorganized? Have you outlined the 1985 budget?

[Castillo] I will hold a special meeting with the president this week to determine -- he has the last word on this -- the location of our missions abroad. The Foreign Ministry will propose to the president a different procedure. I will submit to him a document in which a political, rational analysis is made to determine the location of our missions abroad, regardless of personal desires or other factors, but only taking into consideration what is politically and economically convenient for El Salvador. In addition to this, some changes have already been implemented in the Foreign Ministry at home to handle the budget better. Everyone knows the ministry has a very limited budget. I can say that if we work honestly and are careful with our expenses, we can meet the ministry's obligations. The problem abroad is similar.

Salaries are too low and, as a result, our missions abroad cannot perform in the desired and effective way. We must admit that most of our ambassadors work hard. Our image abroad has improved and, as a result of this, channels have been opened for consultation and discussion. This makes it easier for our diplomatic representatives to approach the highest-level officials in the countries where they serve and explain the country's efforts to consolidate its democracy.

We hope to have this situation defined by next week, and we will make the appointments. Nevertheless, please don't think there are going to be spectacular changes. We are simply going to reorganize our missions, and we will carry out this effort so that those persons appointed are really committed to democracy in El Salvador. They don't have to belong to the Christian Democratic Party. We want them to identify with the country's democratization process. We want them to be fully aware of and completely familiar with the country's problems. We want them to be really involved so that while they are abroad they can explain the country's realities and thus, improve our image and make it easier for us to get the support we require, not only the economic, social, and humanitarian aid, but political support for El Salvador at the various international organizations. This is extremely important for the country.

[Reporter] Now that you are foreign minister, what role does the press play? Sometimes we want to get in touch with you for information related to the Foreign Ministry.

[Castillo] Thanks. As an official and also on a personal basis, I have always respected the journalists and news media in general. I will always say that journalists are not only public spokesmen, but true communicators and makers of public opinion. They are genuine professionals who convey the healthy information that the people require in order to make their decisions. Well-informed people can evaluate and make their own decisions. Misinformed people are manipulated, and we don't want this to happen here in El Salvador. The Salvadoran Foreign Ministry does not necessarily revolve around the foreign minister, but around the ministry as an institution. The deputy foreign minister and the other officials can also express their ideas and thoughts. This office is a cohesive unit that develops the country's foreign policy. Of course, the highest responsibility rests with the minister. I will never shy away from it. We will always accept our responsibility and keep the country informed on important matters. [end recording]

COPREFA REPORTS ARMED FORCES APPOINTMENTS

PA040018 San Salvador Radio Cadena YSU in Spanish 1600 GMT 3 Jul 85

[Text] We have a last-minute report on changes and transfer orders issued by the Salvadoran Armed Forces today, 1 July. [as heard]

Lieutenant Colonel Omar Napoleon Avalos, currently chief of the Presidential Staff, has been transferred to the directorship of civil aeronautics. The post he leaves remains vacant. Lieutenant Colonel Antonio Arriaza Guillen, currently chief of transmissions of the Joint General Staff, has been transferred to Military Detachment No 5 of Cojutepeque, as deputy commander. This was reported by Major Armando Aviles, chief of the Salvadoran Armed Forces Press Committee, Coprefa.

TROOPS FIND AMMUNITION, EXPLOSIVE CACHES

PA030440 San Salvador EL DIARIO DE HOY in Spanish 2 Jul 85 p 2

[Text] While patrolling the banks of the Lempa River in Suchitoto jurisdiction, soldiers of the Atlacatl Battalion found several caches of arms and medicines. Authorities added that the soldiers also found abundant ammunition, explosives, and supplies left behind by terrorists who abandoned the area. Soldiers of this battalion have clashed with terrorists in Tres Ceibas, also in Suchitoto jurisdiction, killing one guerrilla. The troops seized a rifle and ammunition from the fallen rebel.

It has also been reported that soldiers from Cuscatlan Battalion, of the 3d Infantry Brigade, surprised a column of terrorists at (Pizote), Chapeltique jurisdiction. In the ensuing clash, five of the subversives were wounded. The Army reported no casualties.

NATIONWIDE COUNTERINSURGENCY BOMBINGS BEGIN

PA032241 San Salvador Radio Cadena YSKL in Spanish 1600 GMT 3 Jul 85

[Report by Neri Cisneros]

[Text] Civilian sources have reported the beginning of bombings of various points in eastern and central El Salvador against rebel strongholds in southern and northern Usulutan Department, particularly Jucuaran and Santa Elena. In central El Salvador bombing resumed this morning on the Chichontepec Volcano in San Vicente Department and against areas in Cabanas Department. Meanwhile, the Army's nationwide operation to disperse rebel concentrations continued in Chalatenango, Santa Ana, Morazan, and Cuscatlan Departments.

HEAVY TROOP MOVEMENT, EXPLOSIONS REPORTED

PA032251 San Salvador Radio Cadena YSU in Spanish 1400 GMT 3 Jul 85

[Text] Strong explosions have been heard south of (Villa El Transito) since yesterday afternoon, civilian sources reported this morning. They said that the sounds of shellings and machine-gun fire were heard in San Pedro, San Antonio, and Moropala cantons. The sources explained that the Army is attempting to seize control of the area from rebels, who have been occupying it to hinder cotton farming activities. Troops of the Army's 6th Infantry Brigade are conducting a counterinsurgency operation in the area. Civilian sources in San Rafael Oriente and San Jorge have reported that FMLN rebels enter these towns frequently to stock up on groceries. Military sources in Aguilares reported heavy troop movement toward northern Chalatenango Department during the morning hours, but did not confirm if this means a new operation has begun there.

ARMY DENIES GUERRILLA CASUALTY REPORTS

PA040051 San Salvador EL MUNDO in Spanish 2 Jul 85 p 32

[Text] Major Carlos Armando Aviles, chief of the Salvadoran Armed Forces Press Committee [Coprefa], has flatly denied a report by the rebel station Radio Venceremos that the Army sustained 443 casualties in June. That is false, absolutely untrue, Maj Aviles said. He added: "We have attempted to convey accurate reports to the media. It would be impossible to conceal such a high number of casualties."

During its last broadcast Radio Venceremos reported that the casualty list included the 4 U.S. marines slain in Zona Rosa, 2 officers, 4 pilots, 2 lieutenant cadets, 8 sergeants, and 11 corporals. It also claimed that rebels downed two helicopters and damaged four others in eastern El Salvador. Coprefa's director also rejected this claim. He said that the press was informed of problems sustained by two helicopters in Morazan Department. In the first, the tail rotor of a helicopter hit a branch, but there were no casualties, and in the second, mechanical problems prompted an emergency landing in Sesori, northern San Miguel Department.

In this context Maj Aviles also reported the arrival of a U.S. donation of six U.S.-made Huey UH-IH helicopters that are part of the increased military assistance the United States is extending to the Salvadoran Armed Forces to struggle against left-wing armed groups.

CASTILLO DENIES PEASANT EVICTION REPORTS

PA040430 Panama City ACAN in Spanish 2109 GMT 3 Jul 85

[Excerpts] San Salvador, 3 Jul (ACAN-EFE) -- The Salvadoran Government has denied that the Army evicted 2,000 peasants from the northern part of Morazan Department. Vice President and Foreign Minister Rodolfo Castillo Claramount stated today that what the unofficial human rights commission said regarding the eviction of peasants by the S Salvadoran Army "is completely false." According to the unofficial human rights commission, the purpose of the peasants' expulsion was to resolve a border problem with Honduras.

The charge was made this week, and, according to residents of the border region with Honduras, the officers told them they were being evicted "because they hindered the military operations and were collaborating with the guerrillas," and because the border strip "was Honduran and will soon be returned to the Honduran Government."

Castillo Claramount said this "attempt to confuse the facts was provoked by the Honduran Government, to which the Salvadoran Ministry has sent a protest note." The official did not specify whether the peasants had been evicted from the northern region of Morazan or if the military troops that carried out the eviction belonged to the Honduran Army. Castillo Claramount said it "is totally false" that the Salvadoran Government seeks to solve the border problem with Honduras by ceding part of its territory, "a matter which is being negotiated by a joint commission."

Castillo Claramount also denied that the Salvadoran refugees in Honduras are being mistreated, as the Salvadoran rebels have charged. The official explained that the Honduran Government is trying to establish internal order in the refugee camps, "because it is no secret to anyone that they are hideouts and havens for guerrillas, who do not want the border dispute between the two countries to be solved." Castillo Claramount said that the Salvadoran Government is studying the possibility of repatriating the 20,000 Salvadoran refugees in Honduras, a measure which will be carried out "on a volunteer basis."

VENCEREMOS ON 'U.S. INTERVENTION' IN MORAZAN

PA042309 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 3 Jul 85

[Text] Today Ronald Reagan's government had to confess that A U.S. Army aircraft participated in the operation that the Duartist Army recently carried out in Morazan Department. Given that it was impossible to hide this fact, today the U.S. Defense Department confessed that the high command of Duarte's Army had asked for the intervention of a large helicopter, a CH-47 Chinook used for heavy loads, to rescue one of the two helicopters shot down by the FMLN in northeastern Perquin, Morazan Department.

At approximately 1300 on 15 June, the gigantic U.S.-made Chinook flew along the Torola River toward territories under our control and over zones where our units were fighting against seven battalions that were participating in the enemy operation.

If we take into consideration that this U.S.-made helicopter had to travel approximately 80 km flying over our positions and given the fierce clashes under way, the statement issued by Ronald Reagan's government to report that the U.S. Army helicopter did not fly over any combat areas is false. The statement issued by Reagan's government is totally false and illogical, given the fact that the aircraft landed in a zone where several hours before the FMLN had shot down two helicopters that were part of a disastrous airborne operation, in a zone under bombing and strafing by 11 combat airplanes, and where the Army sustained a sizeable number of dead and wounded. Even the Armed Forces Press Committee military reports mentioned the fierce clashes under way when the U.S. aircraft arrived flown by four U.S. advisers who are based in Palmerola, Honduras.

The military situation in Morazan was such that the U.S. Army did not dare use its Chinook helicopter a second time to rescue the second helicopter that was shot down in Nahuaterique zone, Morazan Department. The helicopter's parts are in our hands as proof of the Duartist dictatorship's military disaster and the disastrous U.S. tactics in Morazan. These U.S. military officers were in a combat zone with all of the risks involved, thus reflecting the U.S. Army's direct participation not only in the strategic organization of the war but also in the direct participation of its aircraft and men. An invading army such as Ronald Reagan's army, an army that attacks us and finances the war and genocide, cannot expect anything but our military reply anywhere in our homeland. The invaders cannot possibly expect to have exclusive, secure areas where they cannot be touched by the war, in which they participate directly. The war cannot affect only the poor people, the Salvadoran people.

Today Ronald Reagan's government admitted something: that its Army aircraft participated in an operation that took place in zones under FMLN control. This proves the degree of demoralization and annihilation of the Duartist puppet Army, which no longer dares to send even seven battalions into our zones at the same time unless they are accompanied by the airborne power of its U.S. masters. Each day the U.S. invaders draw closer into the sights of our rifles. We will fulfill our duty to defend the homeland.

We remind you that during these years of war and due to the U.S. intervention and aggression policy, 12 invaders have already lost their lives in El Salvador. Twelve foreign terrorists, experts in killing the civilian population and torturing them, have been killed. The first one was executed in 1980 in San Salvador; he was an expert torture instructor at the national police. Then Captain Schauffelberger fell, executed by our people; he was second in command among the U.S. advisers in El Salvador. Next it was four CIA agents killed when their airplane was shot down while supervising the "Torola IV" operation. Most recently, four U.S. military advisers and two CIA agents were killed in Zona Rosa in San Salvador. Twelve foreign terrorists came to direct the tortures and bombings against our people. Reagan's continued interventionist policy will determine how many thousands of U.S. invaders will die in El Salvador.

Summarizing, the statement issued today by Reagan's government concerning the intervention of his men and means in Morazan Department, confirms their level of intervention and support for a tired, demoralized, and disoriented army. In addition, it reiterates the sad role assumed by the Honduran Government, which has rented its territory for a small price so that it is used to attack other Central American peoples. Consequently, our victory will be the victory of the Central American ideals of regional sovereignty and independence!

FMLN STOPS TRAFFIC ON NORTHERN HIGHWAY

PA040329 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 2300 GMT 2 Jul 85

[Text] Attention, Salvadoran people and drivers:

(?This is an appeal) for drivers to refrain from traveling on the Northern Trunk Highway because no vehicles are allowed to move on the Chalatenango stretch of the highway. The FMLN has decreed a traffic stoppage on this highway. The FMLN is fighting government troops in Chalatenango Department. We repeat: Our revolutionary actions against Duarte's troops along the Northern Highway are occurring this very moment. We operate in Chalatenango. The FMLN has decreed a traffic stoppage on the Northern Trunk Highway in Chalatenango Department. This is in response to and repudiation of the criminal bombings and shelling by terrorist Duarte's troops of the civilian population of this department. Here is a report sent to us Tuesday, 2 July, by our correspondent Companero Pablo Caceres on the defeat Duarte's puppet troops suffered in Chalatenango Department:

[Begin recording] Today, 2 July, our men of the FMLN occupied the Northern Trunk Highway and controlled an important stretch. [Words indistinct] along this road. We stop every vehicle moving on the road as a repudiation of [words indistinct] in this department. At noon, our men arrived at La Reina and took control of the village. Our men held a political meeting. [Words indistinct] (El Trigalito), north of Dulce Nombre de Maria where troops [words indistinct] mines planted by sappers. Also yesterday, guerrillas ambushed [words indistinct] on the Northern Trunk Highway at (El Exquisito). During the clash that ensued, our men inflicted one casualty on the enemy. So far we have inflicted 45 casualties on Duarte's troops in Chalatenango. All 45 were killed. [end recording]

VENCEREMOS ON HONDURAN PLANS AGAINST REFUGEES

PA031340 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 2 Jul 85

[Text] The Honduran regime has announced the creation of a special commission for the purpose of exerting control over the Salvadoran refugee camps in Honduras. By control they mean the intensification of all kinds of pressure against the refugees, aimed at forcing them to abandon the refuge centers, or in other words, the implementation of forced repatriation.

This is part of a U.S.-devised plan to clear out the border areas, install military bases there, and lay the groundwork for the intervention of foreign troops in our homeland. The order issued by the U.S. military to the Tegucigalpa regime is to move the Salvadoran refugees away from the border areas. To this end, Honduran Government spokesmen have launched all sorts of lies and calumnies against our compatriots who have sought refuge in Honduras.

Colonel Abraham Garcia Turcios, refugee commission coordinator, is one of the spokesmen of Suazo Cordova's regime who has spewed much venom and poison against the Salvadoran refugees. Garcia Turcios, who is apparently a staunch anti-Salvadoran, has been spreading the word that the Salvadoran refugee camps are sanctuaries and havens for guerrillas, who endanger Honduran security. According to Col Garcia Turcios, the whole conflict, the Salvadoran war, is due to the existence of Salvadoran refugee camps in the Honduran border areas. His analysis is correct, except for the fact that he mentioned the wrong people. Everything he has said is just and right, but applies to the Somozist mercenaries that launch terrorist attacks against the Nicaraguan people from Honduras.

The existence of a mercenary army engaged in a dirty war is truly a grave threat to Honduran security. The Somozist camps are located in the area bordering Nicaragua.

They are occupied by armed people, by the worst kind of terrorists who have been involved in numerous criminal actions on Honduran soil. Has Col Garcia Turcios stopped to think what the Honduran Government will do with more than 10,000 armed mercenaries on its territory when the U.S. gets tired of supporting them? It would not be the first time the U.S. has abandoned an ally.

Contrary to the Somozist mercenaries, the Salvadoran refugees are peaceful, unarmed people, who have maintained exemplary conduct while in Honduran territory. There are no reports of Salvadoran refugees involved in criminal actions in Honduras. Moreover, the majority of the Salvadoran refugees are elderly people, women, and children. For example, it is known that in Colomoncagua, more than half of the refugees are children. Anyone can visit the Salvadoran refugee camps in Honduras, and attest to everything we have said.

However, while the Honduran Government guarantees a firm rearguard for the Somozist mercenaries -- which more than a rearguard is a hideout, and supplies them with medicine, helicopters, weapons, and so on -- the Salvadoran refugees must face a shortage of supplies, threats, and military siege of the camps.

The Honduran regime's policy against the Salvadoran refugees has already caused the deaths of several minors at the refugee camps, due to malnutrition. In addition, elderly people and women who have fled to Honduras from the terror unleashed by the Salvadoran regime are subject to strong pressure. The Honduran regime's policy against the Savadoran regugees in Honduras is a terrorist policy. All of Garcia Turcio's threats and calumnies are aimed at unleasing violence aginst a peaceful, humble and unarmed community, whose only crime is not wanting to leave the border, first of all, because they do not plan to remain in Honduras forever, and secondly, because they are Salvadorans and want to be near their homeland.

All the measures such as military sieges, supply cuts, fierce accusations, and even arrests and atrocities have caused, as we said, the deaths of children from malnutrition. These measures are aimed at terrifying the Salvadoran refugees and forcing their repatriation.

In view of the dramatic situation faced by our compatriots in Honduras, we again call on Honduran and international humanitarian organizations to visit the Salvadoran refugee camps in Honduras in order to ascertain the dramatic situation there. At the same time, we ask these organizations to make an effort to stop the policy of harassment and terror implemented by Suazo Cordova's regime against the Salvadoran refugees in Honduras.

GUATEMALA

MAJIA SAYS 'STATE OF SIEGE' MIGHT BE ENFORCED

PA042231 Panama City ACAN in Spanish 2156 GMT 4 Jul 85

[By Luis Marroquin Godoy]

[Text] Guatemala City, 4 Jul (ACAN-EFE) -- Today the military government asked the Guatemalans to remain calm in view of the existence of a terrorist plot to provoke unrest among the people, nurture an economic decline, and hinder the political process. Guatemalan Head of State General Oscar Mejia Victores stated at noon today that his government may find it necessary to adopt drastic measures to curb violence and to protect the interests of all the citizens.

"We are all complaining about the violence that has heightened somewhat, although it is not national but international.

"We allknow that violence is worldwide," the president stated. "However, if the national police are incapable of maintaining control in the urban area, we will have to resort to military patrols," Mejia Victores added. He said that "as a last resort" if the situation persists despite these measures, "we might enforce a state of exception (state of siege), which would not affect the political process that will culminate with the general elections in November."

Ramon Zelada, official spokesman for the military government, told ACAN-EFE that the head of state is "very concerned" in view of the increased violence in the country in the past few days "because it stems from a plan of international terrorism." The current Guatemalan administration, which assumed power following the 8 August 1983 coup d'etat, was installed as an effort by the Army to restore a democratic structure to the country "as soon as possible."

As the date for the culmination of the political process draws near, violence has emerged again in Guatemala. "Those responsible for these incidents," Zelada explained, "are frustrated and plan to restort to repudiated procedures that violate human rights, such as killings, thefts, kidnappings, assaults, and threats to prevent the free holding of the approaching political process."

General elections will be held here on 3 November to elect the first civilian president in 15 years, as well as deputies to the Congress and municipal mayors. Zelada did not specify who was responsible for this terrorist plan and only labeled them "enemies of Guatemala who act in and out of the country." The spokesman added that "this plan always emerges when important events occur in national life through an increase in kidnappings and killings, principally of members of the Central University of San Carlos (USC) which in former years was a strong bastion of opposition to the military regimes."

Within this very same plan, according to official sources, there is also a series of threats against the archbishop of Guatemala, Msgr Prospero Penados del Barrio, who was asked to devote himself solely to spiritual topics.

MEJIA VICTORES ADDRESSES ARMY ON ANNIVERSARY

PA040104 Guatemala City PRENSA LIBRE in Spanish 1 Jul 85 p 4

[Text] The following is the Army Day speech delivered by General Oscar Humberto Mejia Victores, head of state and defense minister of Guatemala, on 30 June 1985, in Campo de Marte in Guatemala City:

"We are celebrating another anniversary of the Guatemalan Army fulfilling our duties and goals. We sing our national anthem with humble and serene pride in victory; with our heads high; with open hearts and our virile voices in chorus. Our soul and spirit vibrate as we pronounce the lyrics of our anthem: 'If tomorrow our sacred soil is threatened by a foreign invasion, our beautiful flag floating free in the air will call us to win or die.'

"Although ours is a pacifist nation, for the past 3 decades we have had to face forces advocating foreign ideologies. Despite our meager resources, we have managed to hold back the terrorism and irrational aggression carried out by those who are disturbing the peace in our sacred territory. We have faced them with the courage displayed by each member of this glorious institution, which is today commemorating its 114th anniversary.

"General Justo Rufino Barrios was fundamental in leaving us a legacy of courage. He was a reformer and a patriot, who after graduating from Law School at the University of Occidente in Quetzaltenango promised the military and intellectual sectors of the country he would do his best to establish democracy in Guatemala. He did this with another great Guatemalan. General Miguel Garcia Granados. Together they eliminated many of the evils that plagued the country. Later he governed the country and implemented all the reforms we now have. One of his reforms was to create a professional army, which we are part of today.

"He gave his life to carry out his promise, to bring progress to the country. This is a legacy we must carry on with the same ideals of total democratization for our country. I repeat here that we will never support a particular person or partisan political group to reach power. The people should be free to choose their civilian authorities."

GOVERNMENT DISAGREES WITH ADDING TO CONTADORA

PA041818 Guatemala City Cadena de Emisoras Unidas in Spanish 2350 GMT 3 Jul 85

[Text] Guatemala disagrees in part with the idea of increasing the number of Contadora member countries by two members, as Honduras has proposed. Honduras has proposed that the Dominican Republic and Argentina be included in the group. Guatemalan Foreign Minister Fernando Andrade has said he thinks the Contadora Group is efficient and fulfills its purpose just as it is, and that it is an adequate forum to find a solution to the Central American problem. He said: I any case, an increase in the number of the Contadora member countries should be the result of a consensus, because the idea should not be just to present a proposal but also to analyze it carefully and in detail.

ANDRADE SAYS DOOR OPEN TO UK FOR TALKS ON BELIZE

PA042350 Guatemala City Cadena de Emisoras Unidas in Spanish 2350 GMT 3 Jul 85

[Text] Guatemalan Foreign Minister Fernando Andrade said today that the door is open to resume negotiations on Belize with the United Kingdom. He added, however, that willingness and good faith by the two parties is required. He explained that the Guatemalan Government's stance has not changed regarding its claim on Belizean territory. The foreign minister also said that Guatemala is willing to hold a dialogue and that the Guatemalan Constitution includes an article that facilitates dialogue and negotiation that can be handled in such a manner that a final agreement can be achieved while simultaneously maintaining the rights of all parties involved.

NATIONAL DIALOGUE GROUP MAKES VARIOUS PROPOSALS

PA032002 Guatemala City Radio-Television Guatemala in Spanish 0300 GMT 2 Jul 85

[Passages within quotation marks recorded]

[Text] The first government decrees resulting from proposals presented by the technical commission of the national dialogue were announced today. They include [words indistinct] a transportation tax, increase in taxes on travel abroad, and a tax on international transactions, official spokesman Ramon Zelada Carrillo reported today.

In addition, the government spokesman announced the issuance of a decree regulating the use of state communications media by presidential candidates participating in the upcoming 3 November elections. This decree is the first amendment to the law regulating the 1985 general elections.

Zelada Carrillo said that several decrees will be effective today, others will be in effect when published in the OFFICIAL GAZETTE, and still others will go into effect on 1 August.

[Zelada] "There are five decrees and two governmental agreements. Governmental agreements No 64-85 refers to the use of social communications media by political parties."

This decree, which will be in force when published in the OFFICIAL GAZETTE, states that Channel 5, the only stateowned television station, is owned by the Guatemalan Army, an apolitical institution, and thus, cannot be included among government-owned media that will yield a portion of their broadcast time to allow candidates to air political statements. However, state-owned radio stations will be avilable to the candidates. During a press conference, Zelada Carrillo read a portion of a decree creating a tax on the dollar.

[Zelada] "Decree 65-68 refers to a tax on international transactions. This decree will be in effect on 1 July, in other words,, it is already in effect..."

[Reporter, interrupting] "What is the most important aspect of it?"

[Zelada] "The most important aspect is the establishment of tax on international transactions estimatedin accordance with the exchange rate of the free foreign currency market as specified in Article 4 of the law."

That decree issued under the argument that it is needed to decrease inflation in Guatemala, establishes the tax rate for exchanging U.S. dollars at quetzales at 3 and 1/2 percent. Municipalities, state entities, universities, international organizations, oil companies representatives, and the purchase of basic products, are exempt from this law.

Another decree that will take effect on 1 August will exempt the purchase of merchandise and services related to tansportation in all ground transportation companies, municipalities and their entities, and the country's universities from paying a tax on the value added tax, VAT. On this, Zelaya read:

[Zelada] "Article 4: The following are exempt from the payment of taxes and should not collect [words indistinct]: 1) municipalities and their entities; 2) the University of San Carlos of Guatemala and other universities authorized to operate in the country; and 3) enterprises headquartered in Guatemala that hold appropriate authorization to operate in the country and that are exclusively dedicated to the transport of people and cargo by land in keeping with corresponding regulation."

In addition, a decree that goes into effect today eliminates the income tax on companies dedicated to the transport of people and cargo by land. The official spokesman referred to this briefly:

[Zelada] "Decree 67-85 will go into effect on 1 July, that is today. It states that it is not advisable to (?take in) working capital of companies dedicated to the tranport of people and cargo by land and headquartered in Guatemala. Therefore, this decree amends Clause B of Article 36 of Decree [number indistict] that was amended by Article 7 of Decree 73-83, Decree 120-83, and [word indistinct] Decree 49-84 [words indistinct] including technical activities, air and sea transportation [words indistinct] by companies, except in case of ground transportation companies headquartered in Guatemala."

The tax on tourism abroad was increased. It is argued such an increase is needed to increase fiscal resources in order to reduce the budgetary deficit and contribute to the public finance situation.

[Zelaya] "Decree 68-85, which goes into effect on 1 July 1985, refers to the issuance of decrees to increase fiscal resources that will definitely affect frequent air, land, and sea travelers. The tax is 17 quetzales to exit the country via air, 2 quetzales via sea, and 2 quetzales via land."

Politicians on Proposals

PA032027 Guatemala City Cadena de Emisoras Unidas in Spanish 2350 GMT 2 Jul 85

[Excerpts] Vinicio Cerezo Arevalo, presidential candidate of the Christian Democratic Party [PDC], did not go to the Presidential House today to meet with Head of State General Mejia Victores along with the other candidates because he disagrees with the resolutions that the technical commission of the national dialogue will adopt and that the government announced yesterday.

Cerezo Arevalo said: My decision not to go to the Presidential House is mainly due to the fact that the technical commission of the national dialogue did not fully address the country's problems and made decisions that only benefit a small segment of the population, ignoring the needs of the majority of the people who are courageously enduring this crisis. He added: We must bear in mind that a dialogue is a conversation among all the sectors that represent the country's active forces and in which solutions are adopted to benefit the people and to solve the country's grave economic problems. It is more than just seeking legal measures that will permit the enrichment of a specific sector, neglecting vast sectors of the population that in addition to suffering a high unemployment rate, are experiencing great desperation because they cannot find proper paths for development.

Vinicio Cerezo said: When the dialogue was announced on 25 April, the people expressed satisfaction and placed their hopes on it. Nevertheless, he added, after several meetings of the technical commission and its subsequent announcement of the suggested measures, the people felt defrauded because in no way do the recommendations satisfy the country's immediate needs. Instead they greatly favor currency exchange speculation that is causing so much harm.

As some had predicted, the meeting held today in the Presidential House among the various national sectors was tense. This was clearly evident when Economy Minister Ariel Rivera Irias unexplainably left the sessions room and when it was learned that the PDC had decided not to attend the meeting as a way to express its disagreement with some of the results reached by the technical commission.

At the end of the meeting, some government sources said that the economy minister's departure from the room was not due to any difficulty with other sectors represented in the dialogue, but rather that he had a prior commitment. Regarding Vinicio Cerezo Arevalo's absence, official spokesman Ramon Zelada Carrillo said that it was unfortunate, but the government had given the opportunity for everyone to democratically express their views.

Official spokesman Ramon Zelada Carrillo also clearly stated that the government will not take a step back in its decision to implement the measures recommended by the multisectoral technical commission. The recommendations, he said, have emerged as a result of extensive and calm discussions by the various sectors involved in the national sector, and this clearly shows their democratic character.

He also described today's session as broadly positive and he said that the government hopes to continue on the path of dialogue and consensus among every sector to find solutions to Guatemala's crisis.

Presidential candidates Jorge Carpio and Jorge Serrano agreed that the recommendations made by the technical commission will not be the definitive solution to the national crisis. Serrano said that none of the adopted decisions will serve to resolve the fiscal and exchange problem, and he added that other types of measures must be approved to solve Guatemala's grave economic problem. Carpio said that Guatemala's problems must not be confronted with temporary measures but with strategies that will overcome Guatemala's crsis.

HONDURAS

ARMY CONFIRMS EPS ATTACK ON 3 MUNICIPALITIES

PA050050 Hamburg DPA in Spanish 0012 GMT 5 Jul 85

[Text] Tegucigalpa, 4 Jul (DPA) -- The Honduran Army confirmed today that troops of the Sandinist People's Army (EPS) attacked three communities on the Honduran side of the border this morning. According to the report by the Public Relations Office of the Honduran Armed Forces, the municipalities of Matapal, El Jicaro, and San Antonio de Alauca in the eastern Department of El Paraiso were attacked for 30 minutes with mortar fire. The municipalities are 6 km from the border with Nicaragua. Persons arriving in Danli, the department capital, said that the attack prompted the exodus of the region's inhabitants. The Army noted that the attack was not staged by anti-Sandinist rebels.

CHILEAN COURTS DECLARE BUESO ROSA 'NOT GUILTY'

PA042018 Tegucigalpa Cadena Audio Video in Spanish 1145 GMT 2 Jul 85

[Text] The impact of the alleged plot to assassinate President Roberto Suazo Cordova has been blunted. General Jose Abdenego Bueso Rosa, the former Armed Forces chief of staff, has been declared not guilty by Chilean courts. The impact of the alleged plot has been blunted in Chile, because the Chilean courts have declared Gen Bueso Rosa innocent. Here is the information provided by Honduran Ambassador to Chile Francisco Lopez Reyes, to the effect that Honduran Gen Jose Abdenego Bueso Rosa has been declared innocent by the Chilean courts. Here is the information given by Honduran Ambassador Lopez in Santiago, Chile:

[Begin recording] [Reporter] What is the status of the request to extradite Gen Bueso from Chile to Honduras?

[Lopez] An appeal has been filed by the United States, whose lawyer, Echeverri, presented his case some 2 weeks ago. There was also a presentation by Balmaceda, the lawyer representing Gen Bueso Rosa. Initially the officer was found innocent because the Chilean Constitution does not cover this type of crime. However, the case is now awaiting a final ruling by the Supreme Court.

[Reporter] Does that mean he will not be extradited?

[Lopez] No, it means it is in the hands of the Supreme Court.

[Reporter] Which of the extradition requests will be honored, the one from the United States or the Honduran Government?

[Lopez] Well, all in due time. Right now it is the United States that is appealing the verdict of (Recamal Lopez), the judge.

[Reporter] Then Honduras has not made any claim?

[Lopez] The issue at present is solely between the United States and Chile.

[Reporter] What has been your role, Mr Ambassador?

[Lopez] Just to follow the case, and see the reaction when the final ruling is issued.

[Reporter] Where is Gen Bueso Rosa right now?

[Lopez] He is in prison.

[Reporter] Where?

[Lopez] In the Capuchinos Prison.

[Reporter] Has the Honduran Government su' itted a request to have Gen Bueso Rosa extradited to Honduras?

[Lopez] So far, no. No, it was submitted by the United States, not Honduras. [end recording]

This was the statement made yesterday at the Presidential Palace by Francisco Lopez Reyes, Honduran ambassador to the Republic of Chile.

ECONOMY SECRETARY DISCUSSES TRADE MEASURES

PA050153 Tegucigalpa Cadena Audio Video in Spanish 1145 GMT 2 Jul 85

[Excerpt] The Honduran Government has adopted urgent measures regarding its trade policy to update its commercial relations with the other Central American countries. The measures adopted will protect Honduran exports to the Central American market, considering that the exchange policies adopted by other countries affect the competitiveness of Honduran products. Economy and Commerce Secretary Juan Miguel Orellana fully explains the scope of the commercial measures that correspond to similar provisions adopted by other governments in the area.

[Begin recording] [Words indistinct] the particular case of Guatemala and Costa Rica because the measures we have adopted are of a general nature. This is so because the bilateral commercial treaties were justified while there was a currency stability in the area. We in Central America, however, have been viewed as a joke with our monetary stability, while other countries have adopted currency policies that seriously affect our exports and encourage imports that affect industries established in the country, therefore creating problems in the current unemployment rate. [end recording]

The secretary said that apparently these measures are not due to pressures from international organizations for the Honduran Government to devalue Honduran currency.

[Begin recording] [Orellana] We do not think that these measures are due to pressure, as you have mentioned. We believe these measures were adopted by each Central American country on their own. We have also established these measures exerting our sovereignty and with the power granted to us by a decree that sets forth the spirit of the bilateral accords; namely, to achieve balanced, beneficial trade for the country.

The measures of the bilateral accords do not specify the payment mechanisms to be used in Central American trade. Considering this, we have analyzed the legislation in force in Honduras, both the Central Bank Law and Decree 97. The latter sets forth that the means for payment will be the movement of merchandise from one territory to another, barter, and, of course, the clearinghouse.

[Reporter] What, then, is the spirit of the commercial measures established by Honduras?

[Orellana] We have adopted general measures for Central America in order to cope with our trade problems with Guatemala, Costa Rica, and El Salvador. This is the measure.

On Thursday of last week, the Honduran Central Bank board adopted Resolution 267-85 according to which the exports included in bilateral trade accords will be subject to the following payment regulations: only the imports of raw materials, containers, and medicines will be paid with currency from the national banking system, provided they are in conformity with a list approved by the Honduran Central Bank Board after consultations with the [words indistinct] commission. All other imports included in bilateral accords will be paid through self-financing by using either the deposits constituted by payment instruments liquidated through the Central American clearinghouse or authorized barter operations. This is a monetary type measure through the Central Bank setting the payment mechanisms for Central American trade.

As a complement to our monetary policy measure, we have issued a resolution in addition to that of the Central Bank. It is Resolution 473-85; the provisions follow: 1) The products included in bilateral accords signed by Honduras and the other Central American countries will enjoy free or preferential treatment only when these products are imported meeting the exchange regulations established by the Honduran Central Bank for these imports. 2) The products included in bilateral accords and imported through other payment mechanisms will pay all taxes applicable to third countries. This means that those not using the payment mechanisms established by the Honduran Central Bank resolution must pay all taxes as if the product is coming from a third country with which bilateral accords have not been signed.

Why have we taken these measures? This has been done so that there can be a correct relationship between the government's fiscal sacrifice and the generation of exports, thus achieving the objectives outlined by the Honduran Government when bilateral treaties were signed; namely, to generate greater exports and more jobs.

[Reporter] Does this mean that Central American countries exchange policies have buried the bilateral accords signed?

[Orellana] These policies affected the spirit of the bilateral treaties. We (?think) that with this measure we have adopted, if no exports are generated neither will imports be generated. Only essential imports will be allowed. These will be included in a list approved by the Honduran Council of Private Enterprise and the Honduran Central Bank Board of Directors. Only the products included in this list will be paid with currency from the national banking system in order not to affect the established national industries, considering that the enterprises did not include several raw materials and containers included in the bilateral accords in their list of industrial products. If we leave these products out, certain national enterprises will be affected on a short-term basis. This is not our aim. [end recording]

According to the minister, medicine and other raw material indispensable to local industries are included in the preferential treatment.

[Begin recording] Something similar happens with medicine that is essential to Hondurans health. We also try to avoid a lack of a sufficient supply of these. As for the other products included in the bilateral accord, there must be a correlation between exports and imports. If an importer does not want to use the clearinghouse, he can use an alternate means of payment. However, he must pay all taxes as if the product comes from a third country. We believe this measure defends our balance of payment and industry. [end recording]

NICARAGUA

ORTEGA SENDS 4TH OF JULY MESSAGE TO REAGAN

PA040354 Managua Domestic Service in Spanish 0310 GMT 4 Jul 85

[Letter from President Daniel Ortega to U.S. President Ronald Reagan; dated in Managua on 3 July]

[Text] Mr President:

The Nicaraguan Government and people salute the historical decision of the founding fathers and people of the United States of America on the occasion of the 209th anniversary of the U.S. Declaration of Independence, when 13 small but proud American colonies broke the yoke of the British Empire's domination. May this anniversary of U.S. independence be a call to reflection so that our governments may pave the way to the normalization of Nicaraguan-U.S. relations through the holding of serious and constructive talks, which the U.S. and Nicaraguan people would welcome.

Sincerely,

[Signed] Daniel Ortega

ORTEGA CONGRATULATORY MESSAGE TO GROMYKO

PA040322 Managua BARRICADA in Spanish 3 Jul 85 p 4

[Letter from President Daniel Ortega to Andrey Gromyko, chairman of the USSR Supreme Soviet Presidium; dated 2 July]

[Text] To His Excellency, Companero Andrey Gromyko, chairman of the Presidium of the USSR Supreme Soviet; Moscow

Dear Companero:

On behalf of the Nicaraguan Government, the FSLN, and myself, I sincerely congratulate you on your appointment as chairman of the USSR Supreme Soviet Presidium. Your formidable merits accumulated in your long experience as a Soviet leader cannot be denied. Your contributions as foreign minister to world detente and peace have been many. They have positively influenced international affairs.

We wish you success in your new post.

Fraternally,

[Signed] Daniel Ortega Saavedra

Managua, 2 July 1985

For peace, all against aggression

PROTEST MADE TO HONDURAS OVER BOMBING REPORTS

PA042006 Managua Radio Sandino in Spanish 1930 GMT 4 Jul 85

[Text] Today the Sandinist Government protested to the Honduran Government for alarming reports broadcast this morning by the Tegucigalpa radio station Voz de Honduras [HRN] that Nicaraguan Air Force planes have begun bombing Honduran towns. HRN is an old Honduran radio station controlled by the U.S. Embassy in Honduras and sets the pace of its reports against Nicaragua.

The Nicaraguan protest points out that the alarming reports are part of the plans to provoke military conflicts between Honduras and Nicaragua by the U.S. CIA to provide a basis and justification for Reagan to send troops to our country.

Angela Zavallos, press director of the Nicaraguan Foreign Ministry, will now read the protest note:

[Begin report -- live or recorded] His Excellency Edgardo Paz Barnica, foreign minister, Tegucigalpa, Honduras, Managua, 4 July 1985

Mr Minister:

I address Your Excellency with alarmed concern in reference to reports broadcast today by the Honduran radio station HRN in which it is indicated that at approximately 0600 the Sandinist People's Army launched an artillery attack with bombs and mortars against the towns of Matapalo, 34 km northwest of Ocotal, and went on to attack the towns of San Antonio, El Jicaro, and Aluca, 35 km northwest of Ocotal. According to the station's reports, the Honduran authorities have asked the 6th Battalion and the 110th Brigade for reinforcements for the affected area.

The Nicaraguan Government categorically and strongly rejects these accusations and warns the international public and the Honduran people and government about the falsehood of these charges. The described incidents would seem to indicate that the authors of the attacks are the mercenary forces at the service of the U.S. Government, which have been supplied with heavy weapons and artillery by that government.

Furthermore, this type of charge falls within the framework of the strategy devised by the U.S. Government in order to create the appropriate conditions to speed up its plans of aggression against Nicaragua and unleash a massive, direct intervention against our country. Once more Nicaragua reasserts its desire for peace and its resolute rejection of war, whose tragic consequences would only bring further sorrow and destruction to the Central American peoples.

I avail myself of this opportunity to reiterate to Your Excellency the assurances of my appreciation and esteem.

[Signed] Nora Astorga, acting foreign minister [end report]

PROTEST SENT TO COSTA RICA ON LA PENCA ATTACKS

PA040443 Managua Domestic Service in Spanish 0310 GMT 4 Jul 85

[Note from Acting Foreign Minister Nora Astorga to Costa Rican Foreign Minister Carlos Jose Gutierrez, issued in Managua on 3 July]

[Text] Mr Minister:

I address Your Excellency to refer to the following grave incidents:

Since 20 June 1985 more than 20 attacks have been perpetrated with mortar and rifle fire from Costa Rican territory against the sector of La Penca, Rio San Juan Department. As a consequence of criminal attacks perpetrated on 20 June and 1 July 1985, two members of our Army, David Antonio Aleman Martinez and Danilo Valladares Alfaro, were killed. Such aggressions were perpetrated on 20, 21, 22, 23, 24, 25, 27, and 30 June and 1 July 1985.

I must point out to Your Excellency that these criminals act freely from Costa Rican territory, in positions close to a Costa Rican Civil Guard post located at the mouth of the San Juan River, 2 km west of La Penca. In addition to the attacks, the deployment of mercenary forces has been observed in front of a Sandinist People's Army, EPS, post located in the Nicaraguan sector of Papaturo.

It is also appropriate to mention that in the place known as La Lucha, approximately 5 km from the border, west of Border Mark No 13, there is a camp of the mercenary organization Nicaraguan Democratic Force, FDN. This fact contributes to the increased tension prevailing in the critical border situation.

The Nicaraguan Covernmet presents its most formal protest for these criminal attacks, which are openly perpetrated from Costa Rican territory, and strongly demands that the Costa Rican Government take every necessary measure to enforce the control and vigilance demanded by the situation, in order to stop the use of its territory by these unconventional forces seeking to create new artificial conflicts between our two states.

These grave facts again prove the urgent need to adopt joint solutions to end once and for all the situation of tension prevailing in our common border zone. Consequently, the Nicaraguan Government urgently reiterates the concepts stated in the note sent yesterday, 1 July [as heard], by Commander of the Revolution Daniel Ortega to President Luis Alberto Monge, proposing the beginning of conversations with the participation of Mexico, Colombia, Venezuela, Panama, and France.

I avail myself of this occasion to reiterate to Your Excellency the testimony of my consideration and esteem.

[Signed] Nora Astorga, acting foreign minister

PROTEST SENT TO PANAMA ON ARDE MEMBERS' PRESENCE

PA040248 Managua Domestic Service in Spanish 0200 GMT 4 Jul 85

[Note from Acting Foreign Minister Nora Astorga to Panamanian Foreign Minister Jorge Abadia Arias, issued in Managua; date not given]

[Text] Mr Minister:

I address Your Excellency and refer to the grave facts that I shall hereby state: According to information reported by international news agencies, mercenaries Eden Pastora, Jose Davila, and Donald Castillo, well-known members of the military organization Democratic Revolutionary Alliance, ARDE, have been holding meetings in Panama City since 1 July. Given this grave situation, which seriously deteriorates the climate of detente that should prevail in the region, we wish to assert our concern because we consider unacceptable the fact that countries that are Nicaragua's friends may allow the use of their territory as a platform for publicity campaigns that, promoted by mercenary military organizations, are aimed at destabilizing and ousting the government in my country.

This attitude is even worse because these armed groups are trying to carry out their campaigns from the countries comprising the Contadora Group, and this leads to clearly incompatible situations, not only in their condition as states that maintain close diplomatic relations with Nicaragua, but in their conditions as countries involved in the activities of mediation and conciliation among the Central American states with the goal of attaining a durable and stable peace in the region.

The Nicaraguan Government, as asserted on various occasions, does not object if civilian organizations, which dissent peacefully from the revolution, freely state their views both in Nicaragua and abroad, exercising the political and ideological pluralism guaranteed and promoted in my country. Nevertheless, it is absolutely unacceptable from every point of view for any state in the world to allow members of armed terrorist organizations which have brought about the deaths of hundred of Nicaraguan citizens and immeasurable damage to the country's economy to enjoy full liberties in the territory of third countries to publicize an immoral and illicit war against our people.

The Nicaraguan Government trusts that the stated concern will contribute to preventing similar situations in the future, since they do not contribute to the creation of favorable conditions to pave the way toward a dialogue and negotiation, which will in turn make it possible to attain the peace which is so urgently needed and demanded by the Central American peoples, and in favor of which the Contadora Group member countries have worked so incessantly.

I avail myself of this occasion to renew to Your Excellency the testimony of my consideration and esteem.

[Signed] Nora Astorga, acting foreign minister

CUBAN OFFICIAL ARRIVES; PACT TO BE SIGNED

PA040336 Managua Radio Sandino in Spanish 1930 GMT 3 Jul 85

[Text] Hector Rodriguez Llompart, minister president of the Cuban State Committee for Economic Cooperation, arrived in Nicaragua today. Nicaraguan Foreign Cooperation Minister Commander Henry Ruiz, his Deputy Minister Pedro Antonio Blandon, and Deputy Minister Nora Astorga met the visitor at the airport.

This afternoon the Cuban and Nicaraguan cooperation ministers will sign a scientific and technical cooperation agreement which, in addition to providing for ample technical assistance, will ratify the cancellation of a 73.8-million Cuban pesos debt that Nicaragua owes Cuba. It will be written off as building supplies and technical assistance for the Victoria de Julio sugar mill, also known as the Timal Project. During the inauguration of that sugar mill Commander Fidel Castro Ruz stated that the Cuban people and government waived Nicaragua's obligation to pay the debt it acquired with Cuba to finance its construction.

At that time the Cuban president said that the only way Third World peoples could overcome their foreign debt problem was for creditor countries to cancel the poor countries' debts, enabling them to restructure their economies.

Agreement Signed

PA041403 Managua Radio Sandino Network in Spanish 1200 GMT 4 Jul 85

[Text] Nicaragua and Cuba signed a technical-scientific cooperation agreement yesterday totalling 100 million Cuban pesos during a ceremony headed by Commander of the Revolution Daniel Ortega, president of the Republic.

Commander of the Revolution Henry Ruiz, minister of foreign cooperation, and Hector Rodriguez Llompart, minister president of the State Committee for Economic Cooperation of Cuba, signed an agreement that includes technical and scientific assistance that will benefit several economic sectors in the country. After thanking Cuba for its solidarity, Ruiz said: We are again talking about optimism, but are now facing a never-ending aggression. He added that the country's development outlook includes projects to benefit the Nicaraguan people, but the aggression imposed on us by the U.S. Government brings about destruction of bridges, production centers, and other places that now number among the country's expenditures. For his part, Rodriguez Llompart said that Cuba, in a very modest way, is supporting Nicaragua in its struggle against an imposed war and a U.S. trade embargo.

PRESIDENCY APPOINTS NEW AMBASSADOR TO CUBA

PA031445 Managua Radio Sandino in Spanish 1930 GMT 2 Jul 85

[Communique issued by the Directorate of Information and Press of the Presidency of the Republic in Managua on 2 July]

[Text] Presidency of the Republic, Communique No 34

The Directorate of Information and Press of the Presidency of the Republic reports the following:

The Presidency of the Republic appointed Companero Luis Enrique Figueroa Aguilar as Nicaraguan ambassador to the brother Republic of Cuba.

To replace Companero Figueroa Aquilar, Companero Dionisio Marcenco Gutierrez, adviser to the Presidency, was appointed minister of the planning and budget.

Secretariat of the Presidency

Managua, 2 July 1985

For the sake of peace, all against aggression.

Directorate of Information of Press of the Presidency of the Republic

IRANIAN DELEGATION ARRIVES, MEETS WITH ORTEGA

GF030932 Tehran Domestic Service in Persian 0330 GMT 3 Jul 85

[Text] The delegation from the Islamic Republic of Iran, which is in Nicaragua, met on Monday with Daniel Ortega, Nicaraguan president. The delegation, headed by the adviser to the foreign minister, delivered a written message from our president, Mr Khamene'i, to Ortega.

According to the Central News Unit the Nicaragua president said after receiving the special written message from Mr Khamene'i: We have always condemned Iraq because it started the war against the Islamic Republic of Iran. We have also condemned Iraqi attacks against civilian areas, especially the use of chemical weapons and we shall continue to do so. He also thanked the delegation for the kindness accorded to Nicaragua by the Islamic Republic of Iran.

During this meeting, which was also attended by the ambassador from the Islamic Republic of Iran, the Iranian delegation discussed with the Nicaraguan president important regional and international issues, the situation in Iran and the imposed war, the crimes of the Iraqi regime, and the breaking of international laws by this regime.

The Iranian delegation stressed the support of the Islamic Republic of Iran for the Nicaraguan revolution in the face of provocations and plots by U.S. imperialism. Also discussed at this meeting was the agenda of the next Nonaligned Movement meeting to be held in Luanda and the upcoming conference of Christian priests from Latin American nations to be held in Europe to condemn U.S. terrorist policies.

According to this report the Iranian delegation, upon its arrival in Nicaragua was welcomed by several Nicaraguan officials. The members of this delegation took part in services in a people's church. During these services the Nicaraguan president, his advisers, ministers, administration officials, and a large number of people were present. During the ceremony Nicaraguan President Mr Ortega announced the presence of the Iranian delegation to the audience and praised the friendly assistance given to Nicaragua by the Islamic Republic of Iran. The audience then responded very warmly to the Iranian delegation.

ASTORGA TO ATTEND KENYA CONFERENCE ON WOMEN

PA030437 Managua Radio Sandino Network in Spanish 1200 GMT 2 Jul 85

[Text] Nicaragua will occupy the vice presidency of the Conference on the Women's Decade to be held in Nairobi, Kenya, 15-26 July. Deputy Foreign Minister Nora Astorga will preside over the 12 delegates to attend the forum, which has been convoked by the United Nations. Nicaragua will present a statement on the obstacles preventing women's integration into social changes and the U.S. Government's threats of aggression against our country.

NUNEZ ON SIXTH ANNIVERSARY CELEBRATIONS

PA030156 Managua Radio Sandino Network in Spanish 1200 GMT 2 Jul 85

[Text] Delegations from 82 countries, totaling approximately 600 guests from all continents, will attend the festivities to mark the anniversary of the Sandinist people's revolution. Commander of the Revolution Carlos Nunez, president of the National Assembly, said that this sixth anniversary will be marked by political influence and prove the FSLN's organizational capacity to show that it is supported by the people. He added that these 6 years of revolution have made the people stronger, more united, and ready to handle the threats facing them. We hope that this 19 July we will see a large, anti-imperialist demonstration, proving our readiness for the struggle and our combat morale, he said. Commander Nunez said that the Jose Benito Escobar Order will be awarded for the first time, having been created to encourage outstanding workers.

BORGE INTERVIEWED ON REVOLUTIONARY ANNIVERSARY

PA040027 Managua Radio Sandino Network in Spanish 1200 GMT 3 Jul 85

[Text] Our achievements exceed our mistakes, but still we are not satisfied, Commander of the Revolution Tomas Borge Martinez said to this radio program when commenting on the 6 years of revolution conducted by the FSLN. Reporter Oscar Alvarez, of Radio Sandino's press staff, provides the following interview with Interior Minister Borge Martinez:

[Begin recording] [Alvarez] Interior Minister Commander of the Revolution Tomas Borge Martinez affirmed that the Sandinist people's revolution, which will celebrate its sixth anniversary on 19 July, is popular and anti-imperialist. He made these remarks in reference to statements by rightist groups in the country, indicating that this government is communist and to claims by ultrarightist groups that the Sandinist government is of the petit bourgeois type. Borge Martinez also referred to the revolution's efforts for respect of human rights.

[Borge Martinez] This is a democratic, popular, and anti-imperialist government. The charges that we are totalitarian and of the petit, bourgeois type made by the rightist groups coincide with reactionary positions, contrary to the interests of the country and the revolution.

[Alvarez] After 6 years, does the FSLN leadership feel satisfied of its achievements?

[Borge Martinez] A revolutionary is never satisfied; if we should balance our achievements and mistakes, we fill find that the achievements exceed the mistakes. Still, we are not satisfied.

[Alvarez] What has the revolutionary government done concerning the human rights issue?

[Borge Martinez] Prior to the recent appointment of Dr Plutarco Anduray, the National Commission for the Promotion and Protection of Human Rights had no leadership. The other human rights entity is just a political instrument, opposed to the revolution. We expect the national commission will help our efforts to enforce respect for human rights, which are sometimes violated for reasons alien to the political will of the leaders of this revolution. [end recording]

NAVY RECOVERS SONAR BUOY OFF EL BLUFF 21 JUNE

PA042235 Managua BARRICADA in Spanish 3 Jul 85 p 5

[Text] On 21 June the Sandinist Navy located and recovered a sonar buoy that was transmitting coded signals and data to aircraft on routes of submarines and weights of vessels in Nicaraguan waters 2 km southeast of El Bluff port. The sonar buoy presented to local and foreign journalists yesterday. Journalists speculated that perhaps the U.S. Government dropped a number of these sonar buoys into Nicaraguan waters, as it did with mines in the past, to spy with modern means.

The device is cylindrical in shape, 1 m long, and 6 m in circumference. It has a parachute on one end and there is a label in English stating that the sonar buoy can be dangerous. It also has a lithium and [word indistinct] battery. It should not be disassembled because it can seriously harm people if not properly handled.

The label also indicates that the device's lithium battery can injure the hands of the person manipulating it and that high temperatures can cause an explosion and the release of toxic gases. The instructions added that in case of a malfunction, a team of experts must deactivate the device.

The device has a digital clock on one of its two glass windows. It may have been dropped in the sea off the Nicaraguan coast. Perhaps, the current carried it to the place where it was located. It was recovered to prevent if from continuing its spying function.

NEUTRAL ZONE ESTABLISHED AT BORDER 3 JULY

PA031451 Managua Domestic Service in Spanish 0300 GMT 3 Jul 85

[Text] Commander Omar Cabezas, Nicaraguan deputy interior minister, announced in Mexico this afternoon the establishment of a neutral zone along the border with Costa Rica as of today. According to AFP, Commander Cabezas said that the number of kilometers to be included in this neutral zone will be established next week.

MISURA GROUP RELEASES KIDNAPPED FRG BIOLOGIST

PA050258 Managua Radio Sandino Network in Spanish 0000 GMT 5 Jul 85

[Text] Tegucigalpa -- Regina Schmemann, German biologist, kidnapped last 14 June by the Miskitos, Sumus, and Ramas [Misura] group, has been released. A spokesman of the FRG Embassy in Tegucigalpa said that the Honduran Armed Forces informed him today that the group delivered the German internationalist to them on the Nicaraguan border, and she is expected to arrive in Tegucigalpa Friday. Regina Schmemann, who worked on a forestation project in the Atlantic coast of Nicaragua, was kidnapped near Puerto Cabezas.

12TH PARTY PLENUM DEVELOPMENTS HIGHLIGHTED

FL031920 Havana Domestic Service in Spanish 1400 GMT 3 Jul 85

[Excerpts] Commander in Chief Fidel Castro, first secretary of the Communist Party of Cuba, presided over the 12th plenum of the party's Central Committee, which was held in Havana. The Central Committee plenum reviewed and approved the report presented by the Party Control and Revisions Committee on its work during 1984. The plenum thoroughly reviewed last year's socioeconomic results as well as the 1985 economic plan, the draft 1986 program, and the draft 1986-90 5-year program.

The plenum, whose conclusions (?were read) by First Secretary Castro, stressed the accurate work style implemented since November in connection with the state's conduct of the economy. Work, he said, has been intense, has involved group leadership, and has been characterized by existing demands, commitment, and collective participation in the solution of problems. Within this framework, the plenum stressed the positive experience and practice that the state's conduct of the economy has generated, by virtue of which economic awareness has been heightened. The plenum added that the overall conduct of the economy will be materialized in increasingly specific and effective ways while sectorial, secondary or organizational interests will be subordinated to the country's interests.

PRELA INTERVIEWS NICARAGUA'S RAMIREZ IN CARACAS

PA031352 Havana International Service in Spanish 0000 GMT 30 Jun 85

[Report by Manaual Villar Burchard, PRELA correspondent in Caracas -- recorded]

[Text] After discussing the future of the peace negotiations of the Contadora Group, Nicaraguan Vice President Sergio Ramirez ended this leg of his tour of the Contadora Group nations, which will conclude next week in Mexico, with confidence and optimism. In his interview with Venezuelan President Jaime Lusinchi and Foreign Minister Simon Alberto Consalvi, Ramirez discussed the Central American situation and Contadora's role in it, as well as bilateral matters. In these meetings and in the ones held in Colombia and Panama, emphasis was placed on the need for the United States to cease its threats of intervention in Nicaragua, agree to resume the Manzanillo talks, and guarantee the Contadora Group freedom to maneuver in the Central American region. Ramirez explained to the Venezuelan president the proposition that Nicaragua made to Costa Rica to establish a demilitarized zone on the Nicaragua-Costa Rica border. This proposition was praised by the Venezuelan president, but was rejected by the Costa Rican Government. This rejection will not prevent Nicaragua from establishing a demilitarized zone with the presence of international forces in its own border area By this action the Managua government would be taking a new step in its policy to obtain peace and stability in Central America.

In statements to the PRELA radio service regarding the initial results of his tour of the Contadora countries, Ramirez said:

[Begin recording] We believe that we have obtained the results we hoped for and are now in a better position to promote our interest in strengthening the Contadora efforts. We have told the presidents that we continue to back Contadora and we hope for a more dynamic action from the Group. I believe I can make an optimistic assessment. [end recording]

The Nicaraguan vice president referred to the main problems faced by the Nicaraguan revolution, saying:

[Begin recording] Our war problem, first of all, and the trade embargo are our main problems but we are coming out ahead with the people's commitment. [end recording]

Meanwhile, the U.S. House of Representatives' decision to authorize the Reagan administration to send combat troops to Nicaragua under certain conditions contradicted statements made by Harry Shlaudemann, Reagan's special ambassador to Central America, in Caracas, to the effect that the United States is not planning an invasion of Nicaragua.

U.S. MOTIVES IN EASTER ISLAND PROPOSAL EXAMINED

FL042310 Havana Domestic Service in Spanish 1100 GMT 4 Jul 85

[Special report]

[Text] The U.S. and Chilean Governments have begun official negotiations for the use of Easter Island as a base for future U.S. space shuttles, Chile would cede to the United States the use of Mataveri Airport, located on Easter Island, allegedly to be used as an emergency landing runway for U.S. space shuttles. The meetings are being held in Santiago, Chile, with the attendance of U.S. Ambassador to Chile James Theberge and Chilean Minister of Foreign Relations Jaime Del Valle, both advised by teams of specialists. The two officials will decide on a proposal submitted to Chile by NASA.

The U.S. plan has been criticized by various Chilean sectors as a pretext for hiding the true motive of positioning U.S. communications equipment capable of tracking military objectives in the Pacific Ocean.

The Committee for Peace in Chile and the Defense of Easter Island, which consists of some 1,300 political, union, and student organizations, said that the high-technology equipment the United States wants to install at Mataveri Airport forms part of the nuclear war system that would turn Chile, in the event of a war, into a direct nuclear target. That opinion, which is shared by millions of Chileans, is also shared by former military junta member and Chilean Air Force Chief, General Gustavo Leigh.

COLOMBIA'S M-19 BREAKS TRUCE; CRISIS POSSIBLE

PA042316 Havana International Service in Spanish 1800 GMT 2 Jul 85

[Report by Frank Gonzalez, PRELA correspondent in Bogota -- recorded]

[Text] The break by the 19 April Movement [M-19] of a truce signed with the government last year could create a crisis in the internal pacification process promoted by President Belisario Betancur Cuartas. Following months of increasingly tense relations between the M-19 and government authorities, leaders of that guerrilla organization announced the resumption of armed operations and a break in negotiation within the framework of the peace process.

While an M-19 official document confirming its withdrawal from the negotiations was expected, the so-called Antonio Jose de Sucre Commando Front occupied Genova, Quindio Department. As a result, 10 officers were killed, including a police captain and a lieutenant who were part of reinforcements mobilized to the occupied town. According to official reports, the guerrilla column comprised of approximately 150 members later moved toward the central mountain range in Valle del Cauca Department, where military troops are now carrying out a large-scale operation with the participation of helicopter gunships.

These clashes seem to reflect the M-19's definite withdrawal from the pacification process in which the Revolutionary Armed Forces of Colombia, the People's Liberation Army, and the Workers Self-Defense Command are still participating.

While the government is analyzing the situation, Government Minister Jaime Castro said that attempts will be made to revive the peace process; however, he pointed out that war will be waged against rebel forces not involved in negotiations.

OFFICIAL ON SUGAR INDUSTRY, RELATIONS WITH BRAZIL

FL280153 Havana Domestic Service in Spanish 2300 GMT 27 Jun 85

[Text] Alberto Betancourt Roa, vice minister of foreign trade, said the following at the International Sugar and Alcohol Symposium, which was held in Sao Paulo, Brazil: Amid a world panorama of crisis, Cuba is the only sugar producer that is vigorously expanding its industry. Betancourt Roa reported at the symposium that Cuba is currently planning the construction of eight new large sugar refineries.

In a speech that was followed with great interest, Betancourt Roa said that the resumption of diplomatic relations with Cuba is Brazil's problem. The vice minister added: It would be very good for Cuba because it would permit friendly cooperation, be mutually beneficial, and would increase trade.

VILLA CLARA PLANTS 1,867 CABALLERIAS OF CANE

FL271244 Havana Television Service in Spanish 1102 GMT 27 Jun 85

[Text] Villa Clara has completed its spring cane planting plan of 1,867 caballerias. It is continuing with this work to make a contribution to the national program.

The completion of the cane planting plan was achieved by the date specified in the pledge made in salute to the third party congress and the 32d anniversary of the attack on the Moncada Barracks. The Central Organization of Cuban Trade Unions and other groups related to the sugar sector, acting under the orientation supplied by the party, made a decisive contribution to this important achievement by Villa Clara related to the upcoming sugar harvest.

DPRK AMBASSADOR PRAISES PINAR DEL RIO

FL280019 Havana Domestic Service in Spanish 1824 GMT 27 Jun 85

[Text] While in Pinar del Rio, Pak Yong-ae, DPRK ambassador to Cuba, endorsed Cuba's position of resolving Central American problems without any foreign intervention. The Korean ambassador toured Pinar del Rio and met with the provincial directorate of the workers' movement on the occasion of the 35th anniversary of the beginning of the DPRK war of liberation. The ambassador explained how the Korean people fought the imperialist invaders and prevented them from totally and illegally occupying the country. Cuba was thanked by the Korean ambassador for its assistance during the war and currently in the country's unification efforts.

Pak Yong-ae praised Pinar del Rio's advancement, asserting that the Communist Party's third congress supports that territory in its struggle to achieve greater success.

CARICOM SUMMIT CONFERENCE CONTINUES IN BARBADOS

Discusses Airline Issue

FL041533 Bridgetown CANA in English 0057 GMT 4 Jul 85

[By Trevor Simpson]

[Text] Bridgetown, Barbados, July 3, CANA -- English-speaking Caribbean heads of government meeting here returned to their most sensitive agenda items in caucus tonight, with conference chairman Bernard St John reporting cautious progress so far. All in all, I think there have been some movements, and I am hopeful that by tomorrow afternoon we would be in a position to give the Caribbean some hope in specific areas, St John, the Barbados prime minister, told newsmen before the caucus.

Trinidad and Tobago Prime Minister George Chambers, who was scheduled to fly home tonight, deferred his departure until tomorrow to accommodate an extended round of talks on Port-of-Spain's key concern -- Caricom support for its national airline, BWIA [British West Indies Airline]. Access by BWIA to international air routes negotiated by Eastern Caribbean states and the obstacles to intraregional trade posed by Port-of-Spain's controversial import licensing system have proven themselves the knottiest problems facing the four-day summit, which ends tomorrow.

Trinidad, for instance, has been insisting, in a series of bilateral meetings, on Eastern Caribbean support for BWIA in return for any trade concessions. BWIA wants, among other things, to be able to pick up passengers in St Lucia, Barbados, and Antigua on its Port-of-Spain-London service. Barbados, on the other hand, has been linking its bilateral aviation discussions with Port-of-Spain to a demand for removal of Trinidad's import curbs, which cut Bridgetown's exports to the twin island state by more than 50 per cent in the first quarter of this year.

Chambers and St John have scheduled a late night session to explore a joint venture approach to servicing the London-Eastern Caribbean routes, using wide-bodied aircraft comparable to BWIA's main competitor in this region, British Airways [BA]. Barbados, which, unlike most of its Eastern Caribbean neighbours, is served from London by BA, BWIA, and this country's own national carrier, Caribbean Airways, has made clear that the island must not be disadvantaged by any new arrangements for this route. We will not participate in any exercise unless it gives us at least equal to the number of seats we have now or an improvement, declared St John. Trinidad and Tobago is hopping mad about a recent announcement that Antigua-Barbuda has designated BA on the route between St John's and London. Conference sources said that during the discussions here, Antigua Prime Ministers Vere Bird has thrown no light on the arrangement, which St John's contends is to support its vital tourism sector. Trinidad Foreign Minister Errol Mahabir said today the Antigua decision had been a set back, but he added: It doesn't close the book. At the same time many other books are opening.

Barbados, in bilateral talks with the Organisation of East Caribbean States (OECS) yesterday, canvassed the idea of en bloc air routes negotiations with the British Government in the interest. Prime Minister St John today said he welcomed Trinidad's assurance that BWIA was ready to take up Barbados' 1982 offer to fly routes between here the the U.S. cities of Boston and Baltimore-Washington. He contended that the best way to exploit valuable Caribbean route rights was in regional joint venture carriers. Trinidad and Tobago, the main market for Caricom exports, sees progress on the aviation question as vital to determining any concessions made on the trade issue. St Lucia yesterday signed a bilateral air services agreement with Trinidad and Tobago handing over route rights to BWIA, and St Kitts-Nevis announced plans today to follow suit in probably another month.

Jamaica, in bilateral talks with Trinidad, found itself defending its frequent currency devaluations and a severe fall in its purchases from the rest of the Caribbean Common Market. Port-of-Spain complained that to all intents and purposes there was no longer a Caricom market in Kingston and Jamaica's devaluations had severely upset regional export competitivity. Prime Minister St John this afternoon described the negotiations as very difficult, but everything was being done to arrive at a satisfactory conclusion. He said the string of bilaterals during the summit were to identify particular areas where there is a mutuality of interests in increasing intraregionel trade, because that is the overall objective. St John described discussions as frank, but indicated that no specific decisions had yet been reached on the major issues.

Tackles Trade Problems

FL041555 Bridgetown CANA in English 1521 GMT 4 Jul 85

[By Keith Grant]

[Text] Bridgetown, July 4, REUTER -- Caribbean Community (Caricom) heads of government worked today to overcome long-standing differences on ways of reviving trade in the 13-member regional grouping as the meeting entered its final day. The problems remain complex and as yet there is no agreement, Caricom Secretary-General Roderick Rainford told reporters.

The regional grouping has seen trade between its members decline 25 percent between 1981-84, affected by the impact of world economic recession, and benefits from Washington's Caribbean Basin Initiative [CBI] have been limited. The CBI has been a useful experiment, but cannot be seen as a panacea for development and needs to be reviewed to ensure more equal benefits for all countries in the region, Rainford said.

The CBI trade and aid package, originally comprising 350 million dollars in aid, last year facilitated 154 million dollars in new investment and contracts, according to U.S. Commerce Department figures. But Rainford said the smaller countries have not been able to take advantage of the scheme due to insufficient infrastructure and need additional support to bring them up to scratch.

Efforts to revive intra-regional trade have meanwhile been complicated by Trinidadian insistence on linking trade with services. Trinidad provides 40 percent of the region's trade and wants its British West Indian Airways (BWIA) to be the regional carrier.

Heads of government have also yet to resolve the problem of the 100 million dollar Caribbean Multilateral Clearing Facility (CMCF), which collapsed in 1983 due to some 60 million dollars owed by Guyana to Trinidad. Various alternatives for setting Guyana's debt have been discussed, but Rainford said nothing had yet been agreed. There was no consensus, either, on moves to restart the CMCF without Guyana, he added.

One scheme reviewed by finance ministers yesterday was a new trade credit facility, to finance exports in andoutside the region. This could be funded by equity from Caricom countries and ultimately from foreign loans, Rainford said. Finance ministers also agreed to continue lobbying in World Bank committees to establish a third lending window to benefit low to middle income countries which are being graduated from access to concessional loans but cannot raise money in the capital markets.

The heads of government, in addition to trade, were today reviewing the issues of apartheid in sport, security of small states, and air transport.

Trinidad, Guyana Reach Agreement

FL041612 Bridgetown CANA in English 1543 GMT 4 Jul 85

[Text] Bridgetown, Barbados, July 4, CANA -- Guyana President Forbes Burnham says he has reached agreement with Trinidad and Tobago on ways of clearing his massive debt to Port-of-Spain, estimated at some TT500 million dollars (one TT doll: 41 cents U.S.). We have agreed on the modalities of settling this question, he said in an interview here following bilateral discussions with Trinidad and Tobago Prime Minister George Chambers. But Burnham, one of 12 Caribbean Community (Caricom) leaders who have been attending a four-day summit here, declined to give details. The debt reflects balance of payments support and sums owing for shipments of petroleum from Trinidad, Guyana's main oil supplier.

Burnham said he was optimistic about the conference reaching agreement on the main problem currently facing Caricom -- three consecutive years of decline in trade among member states, which has had the effect of slashing factory employment in the Caribbean Common Market. I am optimistic with reason, he said. In our discussions we have gone further than trade. Trade is a function of cooperation, and cooperation is a function of placing Caricom on a firmer base. One of the first things we have to do is assess and catalogue our resources and then we would know what we have to trade with each other and who can supply what on a regional basis.

Responding to an American reporter, Burnham reiterated that his government would not permit any international observers into Guyana for forthcoming general elections. Guyana was an independent country and would not tolerate busy bodies coming in for this purpose, he said. Do you permit international observers to come to your presidential elections, the Guyana president asked.

A multinational human rights team, led by British Peer Lord Chitnis, was recently refused permission to visit Guyana in connection with the election, due by next March at the latest. Opponents of Guyana's ruling People's National Congress (PNC) persistently accuse the government of maintaining itself in power through electoral fraud. Burnham rejects the charge.

DOMINICA

CHARLES ANNOUNCES CHANGES IN CABINET

FL041739 Bridgetown CANA in English 1725 GMT 4 Jul 85

[Text] Roseau, Dominica, July 4, CANA -- Prime Minister Eugenia Charles today announced several changes in her new cabinet, dropping minister responsible for trade, Charles Savarin. Charles, who was re-elected for a second successive five-year term last Monday, has retained the important portfolios of foreign affairs, finance, defence and economic affairs. Savarin, who was officially minister without portfolio, suffered his third defeat at the polls when he failed to secure the Portsmouth seat held by Michael Douglas, the leader of the Dominica Labour Party.

Former Education and Health Minister Charles Maynard has been switched to Ministry of Agriculture, Tourism, Lands and Surveys to which trade has been added, while Heskieth Alexander, minister of agriculture in the last administration, is now responsible for housing, community development and social affairs. The new attorney general is Brian Alleyne, who moves from home affairs. His responsibility also includes legal affairs, immigration and labour. Ronan David who was legal affairs minister in the 1980-85 period, has been designated health minister. Alleyne Carbon remains as communications, works and feeder roads minister while the Ministry of Education and sports has gone to Henry George who was a junior minister in that ministry.

The new cabinet will be sworn into office this afternoon on the grounds of the residence of President Clarence Seignoret, the government information service announced. Charles said that parliamentary secretaries in the Ministries of Agriculture and Community Development will be appointed later.

Eugenia Charles, prime minister, minister of finance, economic affairs, foreign affairs, establishment, defence and security

Charles Maynard, minister of agriculture, industry, tourism, lands and surveys, and trade

Alleyne Carbon, minister of communications, works and feeder roads

Ronan David, minister of health, water, and sewage

Henry George, Minister of education and sports

Heskieth Alexander, minister of community development, social affairs and housing

Brian Alleyne, attorney general, legal affairs, immigration and labour

HAITI

DUVALIER SCHEDULES CONSTITUTIONAL REFERENDUM

FL041430 Bonaire Trans World Radio in English 1130 GMT 4 Jul 85

[Text] The government in Haiti has called for a referendum later this month to decide several political issues. In a surprise move, Haiti's President for Life Jean-Claude Duvalier has called for a national referendum July 22 to ask Haitians if they are in favor of a life-time presidency and if they approve the recent constitutional changes which provide for opposition political parties. A joint communique issued by opposition leaders Tuesday questioned if the referendum could be conducted fairly and without bias and asked for different colored ballots for yes or no responses due to the large percentage of illiteracy in Haiti.

JAMAICA

ARMY TO TAKE CONTROL OF POWER BARGE

FL031816 Bridgetown CANA in English 1735 GMT 3 Jul 85

[Text] Kingston, Jamaica, July 3, CANA -- The Jamaican Army, under a management contract with the state-owned light and power company, is to operate a floating 40-megawatt power barge which begins operation in November, public utilities minister, Pearnel Charles, disclosed. Charles told parliament last night that the decision for the Army to run the power barge was to ensure some minimum amount of power when employees of the Jamaica Public Service (JSP) Company unlawfully withdraw their services. The minister's statement followed hard on last week's general strike here that was joined by JPS workers, knocking electricity on Monday and Tuesday. Charles said the Army would employ engineers and other technical skills, where necessary, to run the plant. Many people are talking about strike breaking, but I don't believe that there is anybody in Jamaica who would wish to see the level of suffering caused by power outages continue, added Charles, a former labour organiser with the government-affiliated Bustamante Industrial Trade Union (BITU). The BITU is one of the unions that called last week's strike against the government's economic policies. The BITU represents some of the power plant employees here.

DOMINICAN REPUBLIC

WORKERS MAY STRIKE FOR MINIMUM WAGE INCREASE

FL041454 Bonaire Trans World Radio in English 1130 GMT 4 Jul 85

[Text] Labor leaders in the Dominican Republic threatened yesterday to call a 48-hour strike next week unless the government agrees to raise the legal minimum wage to $100 a month. The minimum wage now stands at $60 a month and the island's legislature is only willing to raise it to $70 a month.

Meanwhile, the strike by the Dominican Republic's judges, which has affected all of the country's 264 courts and has paralyzed the judicial system on all levels, continued for a second day yesterday in what is expected to be a week-long strike for wage increases. Reports from Santiago indicate the prisoners with cases pending have threatened to initiate a hunger strike if their cases are not heard.

BRIEFS

AMBASSADOR TO U.S. -- Yesterday, the Dominican Senate approved the appointment of Eulogio Santaella as ambassador to Washington. [Summary] [Santo Domingo LISTIN DIARIO in Spanish 20 Jun 85 p 8 FL]

PARAGUAY

ALDERETE FACTION WINS COLORADO CENTER ELECTION

PY011808 Asuncion EL DIARIO in Spanish 1 Jul 85 p 44

[Excerpt] The Authentic Colorado University Movement (MACU), led by Jose Alberto Alderete, was proclaimed the winner of the election at the Ignacio A. Pane Colorado Center, during a general meeting yesterday following 3 days of voting. The final results were read by Pedro Hugo Pena, head of the intervening delegation appointed by the Colorado Party executive board to oversee the elections. Pena read out the results to approximately 1,000 people. According to these results the MACU received 2,447 votes of an estimated 3,480. There were 120 blank votes, and 905 registered voters did not cast their votes.

SURINAME

ENVOY ACCUSES NETHERLANDS OF APATHY, INTERVENTION

FL031805 Hilversum International Service in English 1030 GMT 3 Jul 85

[Text] Suriname's ambassador to the Netherlands, Hank Heidweiller, has sharply criticized Dutch politicians for what he calls their apathetic reaction to the repeated attempts of Suriname to normalize its deteriorating relations with the Netherlands. The ambassador, who has been recalled to Suriname, says further that the behavior of Dutch politicians often amounts to direct intervention in the internal affairs of his country. Suriname does not shrink from the problem of human rights, says Mr Heidweiller, but does not have to answer to Dutch politicians on the issue.

The ambassador, together with Minister Plenipotentiary Rudy (Benboshova), has been recalled to Suriname because its diplomatic relations with the Netherlands have been brought back to the charge d'affaires level. He was speaking at a farewell reception in the Hague.